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Prime Minister Mulroney and President Reagan.

(White House photo by David Johnson)

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Reflections on U.S.-Soviet Relations

President Reagan's remarks before World Affairs Council of Western Massachusetts in Springfield on April 21, 1988.

I'm delighted to be here with you, and especially in the State where America's struggle for freedom began. "I'm not aware," John Adams wrote in 1776, "of the toil and blood and treasure that will cost us to support and defend these States. Yet through all the storm, I can see the rays of ravishing light and glory."

Historians have wondered ever since what it was that made men like Adams and that outnumbered band of patriots believe they could overthrow the power of the mightiest empire on earth. How appropriate it seemed, years later, when the British bandaged at Yorktown, *The World Turned Upside Down*. Truly, the predictions of the wisest heads in Europe had been proven wrong. The boldness, the vision, yes, the gift for dreaming of a few farmers, merchants, and lawyers here these shores had started a revolution that today reaches into every corner of the world, a revolution that fires men's souls with the ravishing light and glory of human freedom.

As members of the World Affairs Council, as active students of global politics, all of you here today can testify to how unlikely the prospects for freedom seemed at the start of this decade. You can recall democracy on the defensive in country after country, unparalleled buildup of nuclear weapons, hostages in Iran, the Soviet invasion of Afghanistan, predictions of economic contraction, and global chaos, ranging from food and fuel shortages to environmental disaster. All of these were the unrelenting themes of so much of what we read and heard in the media. With the economic recovery of the United States and the democracies, however, much of this talk abated. And as economic recovery, anticipated in Massachusetts in 1981 and 1982 with reduced State and local tax rates, was firmly rooted in the insight that was at the heart of the revolution begun here so many centuries ago. Trust the people. Let government get out of the way, and unleash the energy and dynamism of free men and women.

New Candor in the Relationship

I have come here today to suggest that this notion of trusting the power of human freedom and letting the people do the rest was not just a good basis for our economic policy; it proved a solid foundation for our foreign policy as well. That is what we have given to the people, why we have repeated what they instinctively knew but what the experts had shied away from saying in public. We spoke plainly and bluntly. We rejected what Jeane Kirkpatrick calls moral equivalency. We said freedom was better than totalitarianism. We said communism was bad. We said a future of nuclear terror was unacceptable. We said we stood for peace, but we also stood for freedom. We said we held fast to the dream of our Founding Fathers—the dream that someday every man, woman, and child would live in dignity and in freedom. And because of this, we said containment was no longer enough; that the expansion of human freedom was our goal. We spoke for democracy, and we said that we would work for the day when the people of every nation enjoyed the blessing of liberty.

At first, the experts said this kind of candor was dangerous, that it would lead to a worsening of Soviet-American relations. But far to the contrary, this candor made clear to the Soviets the resilience and strength of the West; it made them understand the lack of illusions on our part about them or their system. By reasserting values and defining once again what we as a people and a nation stood for, we were, of course, making a moral and spiritual point. And in doing this, we offered hope for the future, for democracy; and we showed we had retained that gift for dreaming that marked this continent and our nation at its birth.

In all this, we were also doing something practical. We had learned long ago that the Soviets get down to serious negotiations only after they are convinced that their counterparts are determined to stand firm. We knew the least indication of weakened resolve on our part would lead the Soviets to stop the serious bargaining, stall diplomatic progress, and attempt to exploit this perceived weakness.

We were candid. We acknowledged the depth of our disagreements and their fundamental, moral import. In this way, we acknowledged that the differences which separated us and the Soviets were deeper and wider than just missile counts and number of warheads. As I have said before, we do not mistrust each other because we are armed; we are armed because we mistrust each other. And I spoke those words to General Secretary Gorbachev at our very first meeting in Geneva.

That was why we resolved to address the full range of the real causes of that mistrust and raise the crucial moral and political issues directly with the Soviets.

Moral and Political Issues

In the past, the full weight of the Soviet-American relationship all too often seemed to rest on one issue—arms control, a plank not sturdy enough to bear up the whole platform of Soviet-American relations. We adopted not just a one-part agenda of arms control but a broader four-part agenda. We talked about regional conflicts, especially in areas like Afghanistan, Angola, and Central America, where Soviet expansionism was leading to sharp confrontation.

We insisted on putting human rights on our bilateral agenda, and the issue of Soviet noncompliance with the Helsinki accords. We also emphasized people-to-people exchanges, and we challenged the Soviets to tear down the artificial barriers that isolate their citizens from the rest of the world.

As for the final item on the agenda—arms control—even that we revised. We said we wanted to go beyond merely establishing new limits that would permit even greater buildups in nuclear arms. We insisted on cutting down, reducing, not just controlling, the number of weapons—arms reductions, not just arms control.

And now this approach to the Soviets—public candor about their system and ours, a full agenda that put the real differences between us on the table—has borne fruit. Just as we look at leading indicators to see how the economy is doing, we know the global momentum of freedom is the best leading indicator of how the United States

is doing in the world. When we see a freely elected government in the Republic of Korea; battlefield victories for the Angolan freedom fighters; China opening and liberalizing its economy; democracy ascending in Latin America, the Philippines, and on every other continent—where these and other indicators are strong, so too is America and so too are our hopes for the future.

Yet even while freedom is on the march, Soviet-American relations have taken a dramatic turn into a period of realistic engagement. In a month, I will meet Mr. Gorbachev in Moscow for our fourth summit since 1985. Negotiations are underway between our two governments on an unparalleled number of issues. The INF [Intermediate-Range Nuclear Forces] Treaty is reality, and now the Senate should give its consent to ratification. The START [strategic arms reduction] treaty is working along. And I know that on everyone's mind today is this single, startling fact: The Soviets have pledged that next month they will begin withdrawing from Afghanistan. And if anyone had predicted just a few years ago that by the end of this decade, a treaty would be signed eliminating a whole class of nuclear weapons, that discussions would be moving along toward a 50% reduction in all strategic nuclear arms, and that the Soviets had set a date certain for pulling out of Afghanistan, that individual would have faced more than a little skepticism. But that, on the eve of the fourth summit, is exactly where we are.

Let me now summarize for you some of the issues that need crucial definition as we approach this summit. Let us begin with Afghanistan.

Afghanistan—The Soviet Pledge of Withdrawal

History records few struggles so heroic as that of the Afghan people against the Soviet invasion. In 8 years, more than a million Afghans have been killed; more than 5 million have been driven into exile. And yet, despite all this suffering, the Afghan people have fought on—a determined patriotic resistance force against one of the world's most powerful and sophisticated armies. Yes, their land has been occupied, but they have not been conquered. Now the Soviets have said that they have had enough. The will for freedom has defeated the will for power as it always has and, I believe, always will.

Let me say here that the next few months will be no time for complacency, no time to sit back and congratulate ourselves. The Soviets have rarely before, and not at all in more than three decades, left a country once occupied. They have often promised to leave, but rarely in their history, and then only under pressure from the West, have they actually done it. Afghanistan was a critical, strategic prize for the Soviets. The development of air bases near Afghanistan's border with Iran and Pakistan would have dramatically increased the Soviet capability to project their power to the Strait of Hormuz and to threaten our ability to keep open that critical passage. We believe that they still hope to prop up their discredited, doomed puppet regime, and they still seek to pose a threat to neighboring Pakistan, to which we have a longstanding defense commitment.

So we ask: Have the Soviets really given up these ambitions? We do not know. We cannot know until the drama is fully played. We must make clear that any spreading of violence on the part of the Soviets or their puppets could undo the good that the Geneva accords promised for East-West relations.

The Soviets are now pledged to withdraw their forces totally from Afghanistan by next February 15th at the latest. In the meantime, they know that as long as they are aiding their friends in Kabul, we will continue to supply the *mujahidin* by whatever means necessary. Let me repeat: We will continue to support the *mujahidin* for as long as the Soviets support the Kabul regime. The Soviets understand that this is our position and that we would not have entered into this agreement without it. It is more than a position; this is a hard and fast commitment on my part, backed up by a unanimous resolution of the U.S. Senate.

From the start, our policy in Afghanistan has, of course, been directed at restoring that country to an independent, nonaligned status in which the Afghan people could decide their own future and to which their refugees could return safely and with honor—the same goals as those stated in successive UN General Assembly resolutions over the years. But these are not the only goals of our policy there. In a broader sense, our policy is intended to nurture what you might call more normal relations between East and West. Just as a Soviet Union that

oppresses its own people, that violates the Helsinki accords on human rights, to which it is a party, that continues to suppress free expression and religious worship and the right to travel—just such a Soviet Union can never have truly normal relations with the United States and the rest of the free world, neither can a Soviet Union that is always trying to push its way into other countries ever have a normal relationship with us. And that is what has happened in countries like Angola, Nicaragua, and Ethiopia. The Soviet Union has helped install or maintain client regimes against the will of the people.

None of these regimes has brought peace or a better life to their people. Each has brought misery and hardship. Each is an outrage to the conscience of mankind, and none more so than Ethiopia.

Ethiopia—A Human Catastrophe in the Making

Two years ago, a pitying world believed that at last the hopes of all compassionate people had been realized and that the famine in Africa had come to an end. Humanity prayed that it would never again see pictures of children with bloated stomachs or hear stories of families dying one by one as they walked dozens of miles to reach feeding stations. But now in one country, a famine has returned.

Ethiopia suffers from drought, and even more, it suffers from inadequate agricultural policies. But not from drought and failed policy has been added a third, even more deadly element—war. The Ethiopian Army has recently suffered major defeats in a long war with the Eritrean separatist forces. The combination of drought and the dislocations of war is the immediate cause of famine in a part of the country. But the Ethiopian regime recently ordered all foreign famine relief workers to leave the afflicted northern region. That leads us to the horrible conclusion that starvation and scorched earth are being considered weapons to defeat the rebellion.

The subject of Ethiopia has long been on the U.S.-Soviet agenda. It is now more urgent because of this tremendous human catastrophe in the making. Is the world to know another holocaust? Is it to see another political famine? The Soviets are the principal arms supplier and primary backer of the regime in Addis Ababa. They re-

supplying 250,000 tons of food this year. They can stop this disaster before it happens. And I appeal to them to persuade the Ethiopian regime, as only they can, to change its decision and to allow the famine relief efforts to continue. And, let me add, I hope, as well, that the Soviet Union will join us and other concerned governments in working toward a peaceful, negotiated solution to the civil war.

Ethiopia, of course—for that matter in every country in which the Soviets have imposed a regime, the issues of human rights and regional conflicts merge into one greater issue: that of Soviet intentions, designs, and behavior both at home and across the Earth.

Several years ago, the French political thinker and writer, Jean-François Revel, reported on a conversation that a member of the French Cabinet had with a high Soviet official. The Soviet official, in reviewing the history of the USSR, said, as Revel writes, "We took Angola, and you did not protest. We did the fact and included it in our analyses." The Soviet official continued, "When we took Mozambique. Forget it; we don't even know where it is. Then we took Ethiopia, a key move. No reply." And he went on, "Then we took Iran and set up a powerful Soviet base in Aden! On the Arabian Peninsula! I have the heart of your supply center! No response." And the Soviet official concluded by saying, "So we noted, we can take Aden."

The years of Western passivity in the face of Soviet aggression ended, of course, 7 years ago. But the issue here is that the mentality that produced such analyses, as the Soviet official conceded, has not ended. Until it does, the world cannot know true peace.

Nicaragua—The Stolen Revolution

It is a lesson we should apply closer home, in Nicaragua. A few months before the Soviets launched their invasion in Afghanistan, the Soviets also helped Sandinista communists in Nicaragua to steal a democratic revolution. The communists promised democracy and human rights, but they, instead, imposed a cruel dictatorship, massively militarized, and began a secret war of diversion against Nicaragua's peaceful neighbors.

The people of Nicaragua took up arms against the communists, and they fought a valiant struggle. But our Congress, instead of giving the Nicaraguan resistance the same steady

support the Afghans have received, has repeatedly turned aid on and off. Even now, while the Soviet bloc pours half a billion dollars of arms a year into Nicaragua, Congress has denied the freedom fighters the support they need to force the Sandinistas to fulfill their democratic promises. I think it is about time that Congress learned the lessons of Afghanistan.

America, by supporting freedom fighters against brutal dictatorships, is helping to advance the values we hold most dear: peace, freedom, human rights, and, yes, democracy. At the same time, we are helping to secure our own freedom by raising the cost of Soviet aggression and by extending the battle for freedom to the far frontier. Some say the Soviet Union is reappraising its foreign policy these days to concentrate on internal reform. Clearly, there are signs of change. But if there is change, it is because the costs of aggression and the real moral difference between our systems were brought home to it. If we hope to see a more fundamental change, we must remain strong and firm. If we fulfill our responsibility to set the limits, as well as offering constructive cooperation, then this could, indeed, turn out to be a turning point in the history of East-West relations.

Soviet Opportunity to Build Trust

By starting now to show real respect for human rights and abandoning the quest for military solutions to these regional conflicts, the Soviet Union would also be working to build trust and improve relations between our two countries. Regional conflicts and human rights are closely intertwined. They are issues of moral conscience. They are issues of international security. Because when a government abuses the rights of its own people, it is a grim indication of its willingness to commit violence against others.

Two of the most basic rights that we have called on the Soviets to comply with under the Helsinki accords are the right to emigrate and the right to travel. How can we help but doubt a government that mistrusts its own people and holds them against their will? And what better way would there be to improve understanding between the United States and the Soviet Union than to permit free and direct contact between our two peoples? In the new spirit of openness, why doesn't the Soviet Government issue passports to its

citizens? I think this would dramatically improve U.S.-Soviet relations.

Of course, the World Affairs Council here is a major sponsor of USIA's [U.S. Information Agency] International Visitors' Program. I do not have to tell you the importance of people-to-people exchanges. And I want to thank all of you who have provided assistance and hospitality to foreign visitors.

I just left a meeting in the Oval Office to come up here, and that meeting, brought about by Director Wick of USIA, was a meeting with an assemblage of media and publishing people from the Soviet Union. That, I think, is a first in our relationship. I have often reflected in public on how if our planet was ever threatened by forces from another world, all nations and all people would quickly come together in unity and brotherhood.

You here today at the World Affairs Council understand better than most this lesson about how much of us have in common as members of the human race. It is governments, after all, not people, that put obstacles up and cause misunderstandings. When I spoke at the United Nations several years ago, I mentioned some words of Gandhi, spoken shortly after he visited Britain in his quest for independence in India. "I am not conscious of a single experience throughout my 3 months in England and Europe," he said, "that made me feel that after all East is East and West is West. On the contrary, I have been convinced more than ever that human nature is much the same, no matter under what clime it flourishes and that if you approached people with trust and affection, you would have tenfold trust and thousandfold affection returned to you."

You in the World Affairs Council have done much praiseworthy work in this area. I am hopeful that American foreign policy, based as it has been on strength and candor, is opening a way to a world where trust and affection among peoples is an everyday reality. This is my hope as I prepare to leave for Moscow. I am grateful for your prayers and for your support.

¹Opening comments deleted here; text from Weekly Compilation of Presidential Documents of Apr. 25, 1988. ■

Our Human Rights Agenda With the Soviet Union

President Reagan's address before the National Strategy Forum in Chicago on May 4, 1988.¹

It is a pleasure to be in Chicago and an honor to be able to speak to you, the members of the National Strategy Forum.

Our agenda for U.S.-Soviet relations has four main parts—regional conflicts, bilateral exchanges, arms reductions, and human rights. I have spoken elsewhere at some length about the first three. Today I would like to take a moment to discuss with you the subject of human rights.

Our Concept of Human Rights

We Americans, of course, often speak about human rights, individual liberties, and fundamental freedoms. We know that the promotion of human rights represents a central tenet of our foreign policy; we even believe that a passionate commitment to human rights is one of the special characteristics that helps to make America America. It was Lincoln himself who said that the Declaration of Independence granted liberty not to our nation alone but "...gave promise that in due time the weights would be lifted from the shoulders of all men...."

It is important to note that this American emphasis on human rights represents much more than merely a vague respect for human dignity. No, part of our heritage as Americans is a very specific and definite understanding of human rights—a definition of human rights that we can assert to challenge ourselves and our own institutions and that we can hold up as an example for all the world.

Ultimately our view of human rights derives from our Judeo-Christian heritage and the view that each individual life is sacred. It takes more detailed form in the works of the French and English writers of the 18th century Enlightenment. It is the notion that government should derive its mandate from the consent of the governed, this consent being expressed in free, contested, regular elections. And there you have a first human right—the right to have a voice in government, the right to vote.

Elected governments would reflect the will of the majority, but the Enlightenment writers and our own Founding Fathers gave the concept of human rights still more definite, specific form. For they held that each individual has certain rights that are so basic, so fundamental to his dignity as a human being, that no government—however large the majority it represents—may violate them.

Freedom of speech. Freedom of religion. Freedom of assembly. Freedom of the press. These and other rights enshrined in our Constitution and Bill of Rights consist in severe limitations upon the power of government. They are rights—and this is another basic point—that every citizen can call upon our independent court system to uphold. They proclaim the belief—and represent a specific means of enforcing the belief—that the individual comes first; that the government is the servant of the people and not the other way around.

Contrast With Soviet System

That contrasts with those systems of government that provide no limit on the power of the government over its people. Within the Soviet Union, decision-making is tightly concentrated at the top. The authority of the Communist Party is not determined by a document—a constitution, if you will—but by the leadership who determine what is right for the people. Rights such as free speech, free press, and free assembly are granted if they are "in accordance with the interests of the people and in order to strengthen and develop the socialist system."

I have, in the past, stressed these contrasts between the United States and the Soviet Union—the fundamental and profound differences between our philosophies of government and ways of life. And I have always said that our negotiations must be undertaken with precisely this sort of realism, this sort of candor.

Yet while establishing this context is essential and reminding ourselves of these basic distinctions always useful, today I have something additional in mind. For in recent months, the Soviet Union has shown a willingness to re-

spect at least some human rights. It is my belief that there is hope for future change, hope that in the days ahead the Soviets will grant further recognition to the fundamental civil and political rights of all.

Before discussing our hopes for the future, I would like to turn for a moment to a subject that the Soviets themselves often raise.

Soviet Questions About U.S. Economic and Social Rights

The United States may recognize civil and political rights, but what of economic and social rights? The Soviets point out, for example, that the United States has an unemployment problem. Or they point to the American problem of homelessness. Or to racial discrimination. It deserves a full response.

To begin with, so-called economic and social rights belong to an essentially different category from civil and political rights. The economic and social conditions in any society are constantly changing—new social groupings constantly taking shape; new markets forming as old markets disappear.

Yet there is nothing shifting about civil and political rights, like freedom of speech or worship; they are constant and immutable, forever basic to the dignity of each human being. They are fundamental—fundamental to everything.

Yes, the United States has social and economic shortcomings. Unemployment, for one. As a free people, we have created an economic expansion that over the past 5 years has created nearly 16 million jobs—but we need to do more. Homelessness is, indeed, a problem—an agonizing one. To some extent, we are bound in dealing with it by our very commitment to liberty, for while we seek to help the homeless in every way possible, we must avoid all costs coercive solutions. It is true that, as a free people, we spend hundreds of millions of dollars a year through our Federal, State, and local governments to care for the homeless. As a free people, our churches, synagogues, and a host of volunteer organizations do much to provide the homeless with food, clothing, and medicines. And yet there is no denying that a problem remains.

Racial discrimination; our strides as a free people during just the past few decades have been dramatic. Yet the problems linger, and we continue to battle bigotry and prejudice.

The problems, as I said, are serious—no one would seek to deny that. In freedom, we are constantly confronting them, criticizing ourselves, seeking to do better—in full view for all to see.

Soviet Economic Conditions

Let me consider, if you will, the economic conditions of the Soviet Union. I do not mean to suggest that the Soviet economy has made no progress. But the limited successes of the past arose largely from constant additions to the labor force and the availability of inexpensive resources. Now that these have declined, to a great extent, depleted, there remains a gap between the Soviet Union and the West. Indeed, given the enormous advances in Western technology, the gap is likely to widen.

I do not bring this up simply for the sake of sounding critical. I mention it here because in recent months—and this is a development of tremendous significance—they have begun to mention it themselves, just like Americans about their problems. Soviet economists have published articles about Soviet shortages—one recent article dealt with the inadequacies of Soviet housing. The Soviet press now carries stories about the need for progress. And, of course, Soviet economic progress is one of Mr. Gorbachev's chief aims.

Human Rights-Economic Growth Connection

This brings us back to the subject of the day—human rights. For I believe that the Soviets may be coming to understand something of the connection—between human rights and economic growth.

The connection between economic productivity and certain kinds of freedom is obvious. Private plots of land make up only 3% of the arable land in the Soviet Union but account for a quarter of the produce. The free flow of information, to provide another example, will clearly prove vital for Soviet science and technology to have hope of reaching new and higher standards.

And yet there is a still deeper connection. For it is the individual who always has the source of economic

creativity—the inquiring mind that produces a technical breakthrough, the imagination that conceives of new products and markets. And in order for the individual to create, he must have a sense of just that—his own individuality, his own self-worth. He must sense that others respect him—and, yes, that his nation respects him. Respects him enough to permit him his own opinions. Respects the relationship between the individual and his God enough to permit him to worship as he chooses. Even respects him enough to permit him, if he chooses to do so, to leave.

The Soviets should recognize basic human rights because it is the right thing to do. They should recognize human rights because they have accepted international obligations to do so, particularly in the Helsinki Final Act. But if they recognize human rights for reasons of their own—because they seek economic growth or because they want to enter into a more normal relationship with the United States and other nations, I want to say [here] and now, that is fine by me.

Over the past 3 years, some 300 political and religious prisoners have been released from labor camps. More recently, the incarceration of dissidents in mental hospitals and prisons has slowed and, in some cases, stopped completely. While the press remains tightly controlled by the party and state, we have seen the publication of stories on topics that used to be forbidden—topics like crime, drug addiction, corruption, even police brutality.

These changes are limited, and the basic standards contained in the Helsinki accords still are not being met. But we applaud the changes that have taken place—and encourage the Soviets to go farther. We recognize that changes occur slowly; but that is better than no change at all.

If I may, I would like now to share with you a brief summary of the human rights agenda that I will be discussing in my meetings in Moscow. It has four aims.

Moscow Summit Agenda

First, freedom of religion. Despite the recent relaxation of some controls on the exercise of religion, it is still true that churches, synagogues, mosques, and other houses of worship may not exist without government permission. Many have been imprisoned in the past for

acts of worship. And yet—to quote the Universal Declaration of Human Rights—“Everyone has the right to freedom of thought, conscience and religion....” And General Secretary Gorbachev has indicated a willingness to consider “a new law” on the freedom of conscience.

Second, freedom of speech. There are still many serving long prison sentences for offenses that involve only the spoken or written word. Yet the clear, internationally recognized standard as defined, once again, in the Universal Declaration of Human Rights, is that “Everyone has the right to freedom of opinion and expression....” Today there is more such freedom in the Soviet Union than 2 years ago. Many persons imprisoned for expressing dissenting views have been released from prison. This issue can be removed by granting full recognition to this basic human right. And I know you join me in urging the freeing of people imprisoned for nothing more than the expression of their views.

Emigration, third, has long represented a matter of great concern to us. The Universal Declaration states that, “Everyone has the right to leave any country, including his own, and to return to his country.” It is true that during the past 12 months, the rate of people permitted to leave the Soviet Union has been significantly higher than during the preceding 6 years. It is true, as well, that the number of those permitted to leave for short trips—often family visits—has gone up. We are heartened by this progress. Our hope is that the Soviets grant all their peoples full and complete freedom of movement. And one point in particular: the Soviets refuse many the right to leave on the grounds that they possess secret information—even though they had ended their secret work many years before and whatever information they had has become public or obsolete. I hope such cases will be rationally reviewed, and the decision will be made to free these people and their families.

This brings me now to the fourth and final area I want to discuss—making the progress more permanent. As I have said a number of times now, we welcome the human rights progress that the Soviets have made and believe there is good reason to hope for still more. Yet it is only being realistic to point out that we have seen progress in the Soviet Union before. Khrushchev loosened things up a bit. The intellectual and cultural life of the Soviet Union underwent a kind of thaw, a kind of springtime.

But it was a springtime followed by a winter, for Khrushchev's relaxations reversed, and for the nearly three decades until our own day, oppression and stagnation once again became the determining characteristics of Soviet life. That is why those of us in the West, both publicly and in direct conversation with the Soviets, must continue to make candor and realism the basis of our bilateral relationship. My Chief of Staff Howard Baker told me recently of an old Tennessee saying, "Plain talk—easy understood." Exactly. And just as previous hopeful moments in Soviet history ended all too soon, so, too, *glasnost*—today's new candor—will succeed if the Soviets take steps to make it permanent, to institutionalize it.

Freedom of religion, freedom of speech, freedom to emigrate—and the willingness to make new freedoms permanent. These are our hopes; these are our prayers for the future of human rights in the Soviet Union, in the world, in our own country.

In granting greater liberty, I am confident that the Soviets will discover that they have made possible economic growth. But even more important, this recognition of human rights will advance the cause of peace. For in the words of Andrey Sakharov—a man who suffered much under the Soviet system, but who has also experienced the benefits of *glasnost*—"I am convinced that international confidence, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish, and the right to travel and choose the country in which one wishes to live.... Peace, progress, and human rights—these three goals are insubly linked."

Since I have been speaking today about the relationship of human rights and economic progress, let me say a few words about the present situation in Poland, a nation with which millions of Americans share bonds of kinship. We hope and pray that the Polish Government will hear the voice of the Polish people and that economic reform and recovery will soon begin. The Polish people have long been ready for it.

Achievements of the INF Treaty

Secretary Shultz's statement before the Senate Foreign Relations Committee on May 16, 1988.¹

This is my third opportunity to testify before this committee on behalf of the INF [Intermediate-Range Nuclear Forces] Treaty. In the 2 months since my last appearance here, discussion of the treaty has often centered on questions of detail, especially some of the specifics of the treaty's verification regime. As part of the technical implementation discussions, it became clear that it was essential to ensure that the Soviets understood and acknowledged their obligations under this treaty. In some cases, we needed to clarify questions that had arisen about how to implement those obligations.

Together, the Senate and the Administration identified nine key implementation issues. I am pleased to report that, as is recorded in the document agreed to by the treaty parties last week in Geneva, we have resolved all nine issues to our satisfaction.

But, as the Senate prepares to begin debate on this treaty, I hope that the focus will not be limited to the details we have just been discussing. I hope that debate will center on the merits of the treaty as a whole. As I said in my last appearance, "There is one fundamental question you are called on to answer as you consider this or any other arms control treaty: is it in the security interests of the United States?"

INF and NATO

I said then, and I repeat now: this treaty is in our security interests. The collective security commitment embodied in the NATO alliance has been fundamental to our national security since 1949. This treaty removes, forever, a Soviet nuclear threat that has confronted our NATO allies—and, I should add, our friends and allies in Asia and the Pacific—for over 30 years. This treaty strengthens NATO. By doing so, it strengthens the security of the United States.

The treaty represents the successful outcome of a strategy which NATO adopted in December 1979. The alliance was confronted with the threat highlighted by the deployment of the SS-20, of the growing disparity between NATO and the Warsaw Pact INF missiles. The alliance agreed on a course of action to reduce this disparity: a program of U.S. deployment in Europe, and an offer of U.S./Soviet negotiations to establish a balance at the lowest possible level.

We have done better than we hoped in 1979. We have not just reduced the disparity in INF missiles; we have eliminated it. When President Reagan proposed the INF zero outcome in 1981—with the unanimous support of the Senate—our allies agreed this would be the best possible way to achieve the objectives that NATO established in 1979. They reaffirm this judgment throughout the 6 years of the negotiations. They feel the same way today.

Only the United States and the Soviet Union are directly parties to this treaty. But our allies—who have come so much to bring this treaty about—see it as their agreement, too.

When I last testified before you, I described the unanimous endorsement of this treaty received at the March NATO summit. Since then, NATO defense ministers met in Brussels for a regular session of the Nuclear Planning Group. They could not have made their views about the treaty any clearer. Let me quote from their communique:

The recently concluded INF agreement between the United States and the Soviet Union is a milestone in our efforts to achieve a more secure peace at lower levels of arms. The solidarity and determination of the Alliance members have made the achievement of this long-sought NATO arms control objective possible. We look forward to the early entry into force of this agreement.

When I met with my counterparts at NATO headquarters in Brussels last Friday, on the way back from Geneva, they made clear that they feel the same way.

¹Text from Weekly Compilation of Presidential Documents of May 9, 1988. ■

Sying the Course: Deployments and Negotiations

the defense ministers noted, achieving this objective was not easy. We would have gotten nowhere in the negotiations had we not taken the necessary measures to preserve our security.

NATO had the courage of its convictions to go forward with the agreed deployment of U.S. Pershing II and cruise missiles, in the face of enormous political pressure. These deployments were absolutely essential to our success in Geneva. Ratification of this treaty would vindicate our friends, particularly the INF basing countries—the Federal Republic of Germany, Italy, the United Kingdom, Belgium, and the Netherlands—who stood by their comments when the going got tough.

Deployments were essential. But alone could not guarantee a good treaty. Translating a strategic concept into precise details took firmness, patience, and hard work at the negotiable, to make good on the courage and steadfastness of our allies. Ambassador Nitze began the job which Ambassador Glitman, as part of the NST (nuclear and space talks) delegation led by Ambassador Kampelman, brought to a successful conclusion. Throughout, the Congress fully supported our efforts, both on the deployment track and in the negotiations, including through the Senate observers' group.

I should have noted at the beginning that I am joined here by Ambassador Max Kampelman, who is in charge of our overall nuclear and space talks; Ambassador Glitman, who negotiated the INF Treaty and who was with me in Geneva and who negotiated the nine issues; and Director Burns, Director of ACDA (Arms Control and Disarmament Agency).

Achievements of INF Treaty

The result is the treaty that the President and Mr. Gorbachev signed here in Washington last December. It meets the criteria we and our allies established:

- Equality of rights and limits;
- Limits on U.S. and Soviet systems only;
- Global limits, with no transfer of threat from Europe to Asia, or vice versa;

- No adverse effect on NATO's conventional defenses; and
- Effective verification.

The treaty protects future options as NATO moves ahead to maintain a credible nuclear deterrent and sustain its strategy of flexible response. It does not affect existing patterns of cooperation with our allies or future cooperation in modernization. It sets important precedents as we pursue our other arms control priorities. In this regard, allied leaders at the NATO summit singled out asymmetrical reductions and the treaty's stringent verification provisions as particularly important precedents.

Reductions and Verification

These reflect two of the top objectives the President set when he came to office. One was to end the era when arms control only guided the growth of nuclear weapons and to begin the process of negotiating nuclear reductions, just as you pointed out in your opening statement, Mr. Chairman (Claiborne Pell). The other was to raise the standards for verification—among other ways, by no longer letting the Soviets just say "no" to onsite inspection.

On these important points, the President has succeeded in getting the Soviets to deal with our arms control agenda. The facts about the INF Treaty's reductions are by now well known. The Soviets will have to destroy missiles capable of carrying some four times as many warheads as the deployed missiles which we will eliminate.

I might say, Mr. Chairman, while I agree with you that the potential reductions in strategic arms are militarily of immense significance—no doubt more than these reductions would be—when ever you take out missiles that carry some 2,000 nuclear warheads, well, it's something. (Chairman Pell: It helps.) I wouldn't minimize it. That's a lot of nuclear wallop. It helps.

I would like to speak at slightly greater length on the other point which NATO leaders highlighted—the treaty's verification regime. The allies know what they are talking about on this subject: much of the regime applies directly to their territory. Just as the INF process has been an alliance effort all along, our allies are doing their part to bring the verification regime into be-

ing. They are taking the necessary legislative and executive steps to ensure that we can carry out all actions associated with the treaty that occur on allied soil. The vote in the German *Bundestag* to put these measures into effect was unanimous.

This committee, as well as the Armed Services Committee and the Select Committee on Intelligence, have heard from me and others on the details of this regime. It is the most detailed, the most intrusive, and the most effective in the history of arms control.

We are breaking new ground with this treaty. Onsite inspection is a major forward step in U.S./Soviet nuclear arms control agreements. We shouldn't be surprised if this process is not always smooth. It was for this reason that we began talking to the Soviets before the treaty entered into force about how we would actually carry out the procedures we and they had agreed to.

When differences surfaced, we worked them out. Some of these problems were resolved at the working level, others required attention from more senior people. As I have mentioned, during my meetings with Foreign Minister Shevardnadze last week, we ironed out the nine key technical details related to the onsite inspection regime.

Of course, to ensure smooth implementation of the treaty, we will continue to talk to the Soviets on administrative matters—such as the details of living arrangements. Additional technical talks, which were previously scheduled, will get underway this week in Vienna. So this is an ongoing process, to straighten out all these administrative details.

But I can report to you today that, as a result of the discussions we just concluded in Geneva, we and the Soviets agree on the rights and obligations established in this treaty.

There is no such thing as absolute, 100% verification. But it is our judgment that this treaty, through its successive layers of procedures, contains the measures needed for effective verification. Achieving the President's goal of an INF zero outcome pays real dividends for verification. The bottom line is that the verification provisions of this treaty get the job done.

Other Issues: Futuristics and Interpretation

In the course of Senate consideration of the treaty, a question arose which goes beyond verification. I refer to the so-called futuristics issue. This is the question of whether all ground-launched cruise and ballistic missiles which are weapon-delivery vehicles of the ranges covered by this treaty would be banned, including those carrying "futuristic" weapons. The Administration believes that the treaty text—viewed in conjunction with the negotiating record in light of customary international law as reflected in the Vienna Convention on the Law of Treaties—demonstrates that the two parties had agreed that such systems are banned. After consultation with the Senate, we confirmed this fact with a formal exchange of diplomatic notes last week in Geneva. Ambassador Kampelman signed the note on our behalf; Ambassador Karpov on theirs.

There is one final question pertaining to this treaty which I must address. That is the wish by some in the Senate to attach a condition to the resolution of advice and consent to ratification which would restrict the President's authority to interpret treaties.

I am sure you are all familiar with the reasons why we oppose such a condition. The testimony of Administration witnesses within their authorized scope is authoritative. We believe that you should not allow the INF Treaty to become entangled in a divisive constitutional debate but, instead, should consider the treaty on its own merits.

Conclusion

I have described the merits of the treaty to you, briefly in my testimony today and at greater length in my earlier appearances. The treaty is the result of the President's leadership, but it is also a significant bipartisan achievement, as well as testimony to the strength and purpose of the NATO alliance. It is a good deal for NATO and a good deal for the United States. I ask the Senate to give the President its consent to ratification of this treaty, without amendments or conditions.

¹Press release 92. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1989 Foreign Policy Budget Request

Secretary Shultz's statement before the Subcommittee on Commerce, Justice, State, and Judiciary of the Senate Appropriations Committee on April 28, 1988.¹

I am pleased to come before the committee to discuss our FY [fiscal year] 1989 budget request. It is an austere request that complies with both the letter and the spirit of the budget summit compromise. If this Administration and the coming Administration are to do the job we must do in today's turbulent, complex, and changing world, we will need every cent we are asking for—and we will need much greater latitude in applying those appropriated funds.

For the sake of our national well-being and for the sake of our most cherished values, America must remain a fully engaged force around the globe for peace, prosperity, democracy, and human rights. This requires well thought-out, well-executed policies and programs. I'll come back to this a little later. Our effective engagement also requires highly skilled, well-trained personnel, deployed to best advantage and supported with the infrastructure, equipment, and technical resources needed to function effectively. Without such personnel, policies, and programs, we cannot advance our fundamental interests in an increasingly complex, turbulent, and changing world.

The Department of State is essentially a salaries-and-expenses agency. We are our nation's diplomatic presence around the world. We don't have large programs which we can cut or stretch out over a long period in order to cut costs. The Department of State—one of the oldest and the most essential departments of our government—is also one of the smallest. Our 1989 request is for only the most vital resources we need. Even if this request is fully appropriated—and it must be—the funds you provide will only minimally support the infrastructure that is vital to the conduct of this nation's foreign policy.

At the core of our diplomacy are our efforts—both bilateral and multilateral—to ensure the strength and unity of our alliance relations, the effective management of East-West issues, the peaceful resolution of regional conflicts, and the advancement of our broader security and economic interests.

Our Foreign Policy Agenda

The Reagan Administration is committed to a busy and challenging foreign policy agenda in 1988. We know that the United States cannot afford the luxury of any letup in our leadership. The realities of our time also dictate that the United States cannot achieve our interests and objectives alone. We can do so with insufficient resources. Other countries around the world cannot adequately protect their security, ensure their domestic well-being, or protect their democratic institutions absent the active support of the United States. That is why President Reagan has worked so hard to ensure that the European alliance is strong and vital and why we have also strengthened our security and economic relationships in Asia and elsewhere in the world—relationships that will be crucial to global prosperity and regional security well into the next century.

A brief review of just some of the major issues confronting our world demonstrates the critical need for engaged, active, and effective American leadership.

East-West Relations. The importance of worldwide U.S. engagement came through loud and clear to the President during his recent meeting with his counterparts at the NATO summit. In Brussels, we and our NATO partners agreed that if we expect to advance our interests further with the East, we must demonstrate our resolve and be prepared to commit the necessary resources, just as we did in our pursuit of the INF [Intermediate-Range Nuclear Forces] Treaty. Our achievement of that treaty offers convincing proof that success in advancing our peaceful objectives depends not only on military strength and alliance cohesion, but also on the political will to provide the means necessary to our objectives. The INF Treaty enhances United States and allied security. We, therefore, trust that the Senate will give its early consent to ratification of the INF Treaty, signed in December by President Reagan and General Secretary Gorbachev [Soviet General Secretary Mikhail S. Gorbachev].

Through strength and steadfastness, the United States and allies have set in motion a number of other efforts that, with Soviet cooperation, would bring major strides toward a safer, more secure, and more humane world.

As you know, I have just returned from my second trip to Moscow thus far this year. My meetings in Moscow covered the gamut of issues that comprise our East-West agenda for the next summit and beyond. We will continue to pursue vigorously human rights issues, not as they relate to individual cases but to principles enshrined in the Helsinki Final Act and other international human rights instruments.

On regional conflicts, our policy of achieving diplomatic perseverance with support for freedom fighters has increased the odds for negotiated settlements.

- On April 14, we signed the Geneva agreement on Afghanistan. After eight years, the courage and determination of the Afghan freedom fighters—our steadfast support for their efforts—are paying off. Under the agreement, the Soviets are committed to a front-loaded withdrawal of their troops within 9 months after the agreement goes into effect on May 15, with 50,000 of them leaving within 90 days of that date. We expect them to be out by the end of 1988.

We have made it clear to the Soviets that our military assistance to the Afghan resistance will continue, though we will show restraint in doing so in response to Soviet restraint in providing military assistance to the puppet regime in Kabul. It is our judgment that, absent the presence of Soviet troops, the Kabul government will be no match for the *mujahidin*.

- We welcome the fact that Mr. Cordes [UN negotiator Diego Cordovez] is working in a personal capacity to bring about a government which respects the will of the Afghan people and to ensure a rapid, safe return of the 5 million Afghan refugees to their homeland. Without such a government, Afghanistan's stability cannot be assured.

- We must continue to support the people fighting for their freedom in Nicaragua, Angola, and Cambodia.

Meanwhile, we are striving for additional progress in arms control.

- We will press ahead with the strategic arms reduction talks (START). We have made headway on important issues, but a good deal more work remains;

- If the Soviets are prepared to match our efforts, a verifiable agreement leading to a 50% reduction in

U.S. and Soviet strategic offensive nuclear weapons will be possible. At the same time, we will continue to preserve our right to pursue a vigorous Strategic Defense Initiative;

- We will work to improve stability in Europe by rectifying the conventional imbalance;

- And, we will continue efforts toward a truly verifiable global ban on chemical weapons.

On bilateral issues, the President remains committed to implementing his 1985 agreement at the Geneva summit to exchange consulates in Kiev and New York. For the past year, we have been concentrating our efforts in Moscow on work being done at our existing chancery and on planning for our new chancery. The resource commitment required by these Moscow projects makes it impractical to proceed at this time with our original plans for a full-fledged, classified operation in Kiev. However, a small post—six people at most—without classified facilities could be set up quickly in Kiev and would be a cost-effective way to open up an important area of the Soviet Union to us. During my discussions last week with Mr. Shevardnadze [Soviet Foreign Minister Eduard Shevardnadze], he accepted in principle limiting the size of each side's consulate to the numbers we have in mind.

After my visits last week to Kiev and Tbilisi, I am more convinced than ever that we will be making a mistake if we fail to follow through with our plans to establish a consulate in Kiev. We have no task more important than to understand the changes taking place in the Soviet Union. We can no more claim that our view from Moscow accurately represents the progress of *perestroika* (restructuring), than a foreigner could claim to understand the mood of the American people on the basis of Washington gossip. I am mindful of the legislation relating to Congress and we will be consulting with Congress as our plans for Kiev evolve to ensure that all U.S. interests are fully protected. I hope we will have your support.

The Middle East. We are engaged intensively in an active process to achieve a comprehensive peace in the Middle East through negotiations. This is a time for decisions. The situation on the ground does not serve anyone's interests. Rapid, positive change can occur. My discussions with the leadership

in Israel, Jordan, Syria, and Egypt have focused on the need for realism and movement in the peace process.

The initiative we developed, which the parties are now considering, is ambitious and compelling. The initiative we have put forward meets everyone's fundamental concerns and provides for serious negotiations. The key elements of our proposal are clear: face-to-face, bilateral negotiations based on Resolutions 242 and 338; early negotiations on transitional arrangements interlocked with final status negotiations beginning on a date certain; a pre-agreed, rapid timetable; and a properly-structured international conference to launch negotiations. The conference is specifically enjoined from imposing solutions or vetoing what has been agreed bilaterally. The United States will not permit the conference to become authoritative or plenipotentiary, or to exceed its jurisdiction as agreed by the parties directly involved.

The procedural aspects of our initiative should not obscure our objective—a comprehensive peace.

- Israeli security can be enhanced. A new relationship of peace with its Arab neighbors can emerge. Israelis can be free from the increasing human and moral burdens of occupation—able to devote their considerable talents and energies to building a better future.

- The Palestinian people can achieve significant control over political and economic decisions which directly affect their lives. They should participate actively in negotiations to determine their political future. In this way, the Palestinian people can achieve their legitimate rights and live lives of dignity and self-respect.

- The Arab world can turn a corner by resolving this festering conflict. The refugee problem can be solved. A stable new environment can be created in which the human and economic resources of the Middle East can flourish.

The commitment of the United States is stronger and more determined than ever. We are carrying the initiative forward into a new and more detailed, operational stage. This is a moment of testing for the leaders of the Middle East. This is a time for leaders everywhere to say "yes":

- Yes, to a comprehensive peace through negotiations based on all the provisions and principles of Resolution 242.

- Yes, to security for all parties, especially Israel.
- Yes, to the legitimate rights of the Palestinians.

The Western Hemisphere. In Central America, we must continue our strong and determined efforts for democracy, development, and security. The severe problems in Panama and Nicaragua should not obscure the fact that our longstanding efforts in the region have had impressive results.

Ten years ago in Central America, for example, Costa Rica was the region's only civilian-led democracy. Today, the military dictators who ruled three of the other four countries are gone. These countries—El Salvador, Guatemala, and Honduras—are moving in Costa Rica's direction, with increasingly open societies and with civilian presidents chosen in competitive elections. We believe this trend is encouraging and it will continue despite disturbances like the one that occurred recently in Honduras.

What we face in Panama is a threat to democracy and a threat to our ability to stop the international drug traffickers. We will not shirk our responsibility to defend ourselves against these threats. We believe that General Noriega would best serve his country by complying with the instruction of President Delvalle to relinquish his post. The earlier Noriega leaves, the better Panama's interests will be served and a resolution to the political crisis achieved. We will continue to fulfill our obligations under the canal treaties and cooperate with President Delvalle and his government. And, we are prepared to resume our working relationships with the Panamanian Defense Forces once civilian government and constitutional democracy are reestablished. Once Panamanians achieve these goals, we will work with them to help restore Panama's economic health.

In Nicaragua, for the last 8 years, the Sandinistas have monopolized the government by combining brute force, cunning, and a genius for propaganda. The return of Nicaraguan resistance leaders to Managua for negotiations is a sign that we have entered a new and more political phase of the struggle there. We must ensure that the door finally opened by the strength and perseverance of the resistance is not slammed shut. We intend to cooperate with the freedom fighters and with the four democracies in the region on how the United States can best further the prospects for *both* peace *and* freedom in Nicaragua.

In each of these cases, as elsewhere in the hemisphere, we believe that democratic leaders and groups are the key to success in combating illegal drug dealers, communist insurgencies, and other enemies of peace and freedom. We are proud to support their struggles.

Persian Gulf. In the Persian Gulf, sustained American commitments remain essential to international stability and Western economic interests. The President's decision to respond in a firm and measured way to the resumption by Iran of minelaying, causing damage to a U.S. Navy ship and injury to its crew, has served notice that Iran must pay for such reckless and provocative conduct. We do not seek a military confrontation with Iran, but we will continue to act with resolve to defend our interests. The bipartisan support the Congress has shown for the President's decision has sent a clear message to Iran that the American people are united in support of our efforts to defend freedom of navigation in the gulf.

During my visit to Moscow, I discussed the escalation in the gulf war with Foreign Minister Shevardnadze, urging that the Soviet Union cooperate with efforts in the UN Security Council to bring the war closer to an end by imposing an arms embargo against Iran. We now continue to work intensively in the Security Council to implement Resolution 598, which demands an immediate cease-fire and withdrawal without delay. The use of chemical weapons against civilians and the continuation of the "war of the cities" between Iran and Iraq reinforces the need for accelerated efforts to bring this interminable conflict to an end.

Africa. In South Africa, our goal remains the rapid and peaceful demise of apartheid, the principal source of South Africa's problems and of instability in the southern African region as a whole. To that end, we are working to foster a dialogue among all elements of South Africa's population that will lead to the creation of a democratic society with equal rights for all. At a time when the repressive actions of the South African Government are stifling the interplay of ideas so essential for the evolution of a free society, and isolating South Africa from the free world, we must do all we can to keep dialogue alive and new ideas coming in. Despite the recent serious escalation of repression in South Africa, we remain firm in our belief that this can best be

accomplished through a mix of diplomatic and political pressures on the one hand and a series of positive initiatives on the other.

We face a continuing tragedy in Ethiopia. As you know, we have provided food on a humanitarian basis to all Ethiopians in distress. We are dismayed by the Ethiopian Government's recent decision to expel foreign relief workers from the north and to transfer their food and assets to the government-run Relief and Rehabilitation Commission. The effect of this decision has been a virtual halt of relief operations which threatens over 2 million people with starvation. We are working with the United Nations, our allies, and the Soviet Union to seek reconsideration of Ethiopia's decision.

Asia. The strength of our security and economic relationships in Asia will be crucial to regional security and global prosperity well into the next century. Of course, the cornerstone of American policy in Asia is our relationship with Japan, our principal ally and largest trading partner, a security ties with Korea, Thailand, the Philippines, and ANZUS [Australia, New Zealand, United States security agreement]. It is in Japan that our policy of encouraging democratic had its earliest and most spectacular success in Asia. Now, the remarkable worldwide trend toward democratic government has borne fruit in the Philippines and South Korea. We must actively support them if these democracies are to thrive and to grow. Also, we must sustain our support for ASEAN [Association of South East Asian Nations] and the Cambodian non-communist resistance in their efforts to bring about a political solution to the Cambodian conflict through a complete Vietnamese troop withdrawal from Cambodia and self-determination for the Cambodian people. As my recent conversations with Singapore's Prime Minister Lee reminded me, we are fortunate to have friends in ASEAN who share—and who have benefited by—a commitment to open markets and institutional democracy. The visit last month of Chinese Foreign Minister Wu testifies to the continued positive development of our bilateral relationship with the Peoples' Republic. China's increasingly open economy and reliance on market approaches are ensuring economic development and integration into the global economy.

Global Issues and Concerns.

Promoting domestic prosperity is a central foreign policy objective. It used to be said that when the United States prospered the rest of the world got pneumonia. Now, it works the other way around. Our own economic fortunes have always been closely linked to conditions in the world economy. This is especially true now that economic and technological changes have turned the world into a single economic and financial system into a single, integrated global marketplace. A healthy, growing world economy is thus more than ever vital to our own prosperity. We have a stake in the strength not only in the economies of Europe and Japan, but increasingly in the economic health of the developing countries in Latin America, Africa, and elsewhere in Asia as well.

And, especially now, when the dangers of terrorism and the broad range of threats to many societies posed by international narcotics trafficking are becoming so stark, we must marshal the means necessary to counter these threats on human dignity and civilized society. I have committed the Department of State—and you have my personal commitment—to use every opportunity and all our resources to combat these twin scourges.

IR Funding Request

As you can see, our foreign affairs agenda is a full one. The daily effort to defend our security, to establish more stable and workable relations with our adversaries, to ensure continued economic growth, and to achieve negotiated settlements in strife-ridden areas is a costly exercise. But, instability, aggression, repression, and war are even costlier, and not just in monetary terms.

Last September, when the funding prospects for 1988 appeared to be very bleak, I addressed all of the State Department employees on changes that might be required as a result of the potentially severe shortage of funding for salaries and expenses. The budget commitment, the support from you, Mr. Chairman, and the actions of your committee and others in the Congress reduced the urgency to take immediate drastic action of a kind which could seriously threaten our foreign policy interests and institutions. But we recognize that we must not relax our efforts to streamline our internal operations.

We remain committed to:

- Reexamining our activities to focus on those that deserve the highest priority and to eliminate or sharply reduce those that are marginal;

- Eliminating overlap and duplication, which in turn will enable us to abolish unnecessary positions and control employment levels; and

- Improving the system under which the Department is reimbursed for services it provides to other agencies.

For foreign affairs, our function 150 in total, we seek \$18.1 billion in discretionary spending authority for FY 1989. This represents the budget summit agreed increase of 2% over the amount made available to us in the FY 1988 continuing resolution. It is 2.9% less than the actual amount appropriated in FY 1987, including the Central America portion of the supplemental. In fact, keeping in mind the decline in the value of the dollar overseas, the real value of the resources we plan to commit to foreign affairs in FY 1989 is worth less than this year's amount.

For 1989, we are requesting appropriations for State Department operations totaling \$2.75 billion. This is an increase of 1.8%—well within the limits of the budget summit agreement.

Our request covers the four categories of appropriations: the administration of foreign affairs, international organizations and conferences, international commissions, and other appropriations. Let me now review the specifics category by category.

We request \$2.2 billion for the key component of our nation's diplomacy, the administration of foreign affairs. These funds would cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance, and diplomatic security.

This request represents a \$43.2 million net increase over the 1988 level. Nearly all of this increase goes to compensate for inflation, for a permanent home for the Foreign Service Institute and for replacing Foreign Service nationals (FSNs) in Eastern Europe. Our request is comprised of the following.

Salaries and Expenses—\$1.5 billion, an increase of \$94 million. Of this increase:

- \$56 million is for net mandatory built-in changes, including anticipated price and wage increases here and abroad;

- \$30 million is for the first permanent home that the Foreign Service Institute will have in its 64-year history. This is a subject to which I have given a lot of time and thought. I attach a great deal of importance to this particular request. A permanent and up-to-date facility is vital to ensure that the people who represent the United States abroad meet the highest standards of excellence and that they are fully effective in their assigned positions. The new institute would not only provide language, area, and professional training to State Department employees, but also to personnel from some 40 other agencies such as DOD [Department of Defense], AID [Agency for International Development], and USIA [U.S. Information Agency];

- \$7.7 million is for improving the security in our East European missions through the replacement of selected Foreign Service national staff with cleared Americans; and

- Note that the diplomatic security program has been held at 1988 levels, requiring the absorption of inflation.

Foreign Buildings Program—\$240 million, a decrease of \$73 million from the 1988 continuing resolution level. In addition to ongoing programs, this level of funding provides for major rehabilitation projects only at our chancery buildings in Tel Aviv and Bonn. We are not requesting funds for any new capital projects, effectively putting our security buildings program on hold. However, during FY 1989, the Department will continue work on 61 capital projects that were funded in previous years.

Foreign Service Retirement and Disability Fund—\$107.7 million, a mandatory increase of \$22 million made necessary by a lower than expected rate of conversion by employees to the new Federal Employees Retirement System.

For international organizations and conferences, the Department requests \$524.9 million to make payments of assessed contributions to international organizations of which the United States is a member; contributions for UN peacekeeping activities; and American participation in multilateral international conferences.

Under the heading of international commissions, we are requesting \$31.4 million to meet our treaty commitments under boundary agreements with Canada and Mexico—and to cover our share of expenses as a member of 11 international fisheries commissions.

Finally, in the "other appropriations" category, we are requesting \$16.8 million for bilateral science and technology agreements with Yugoslavia, the Asia Foundation, the Soviet-East European Research Training Fund, the Fishermen's Protective Fund, and Fishermen's Guaranty Fund.

Diplomatic Security and Building Programs

Turning now to the important subject of diplomatic security and our building programs: In section 163 of the Foreign Relations Authorization Act, for fiscal years 1988 and 1989, the Secretary of State is required to "implement a program of counterintelligence polygraph examinations for members of the Diplomatic Security Service during fiscal years 1988 and 1989." When the President signed the authorization act, he noted that with respect to this provision, he was interpreting it (and I quote) "consistent with my position concerning the discretion of agency heads to determine when polygraph examinations will be conducted in specific cases."

It is no secret to the Congress or to this committee that I have consistently opposed the use of "lie detector" tests as a tool for screening or managing people. Nor do I believe that we can single out one class of State Department employees for special treatment just because they are called a security service. If our security objectives are to be met, then our security program and whatever use there is of lie detector tests in that program, should apply to *all* employees.

We are complying with the requirements of that act. Regulations have been drafted that allow me to authorize lie detector testing for any Department of State employee under three circumstances with the voluntary consent of the individual.

1. When warranted during the course of a criminal, counterintelligence or personnel security investigation after all other reasonable investigative steps have been taken.

2. When an employee requests to take such a test for the purpose of exculpation.

3. When a State Department employee volunteers to work in an intelligence agency that requires polygraph tests, or volunteers to participate in certain special access programs—specifically designated by me—which involve joint programs with the intelligence

community where the community requires a lie detector test.

These regulations comply with the requirements of section 163. The regulations are modeled on those in use by the Department of Defense and, as required by our authorization act, incorporate all provisions concerning scope and conduct of examinations and rights of individuals subject to such examinations.

I believe these regulations are good, because they are clear, circumspect in scope, and protect individual rights. But I am deeply concerned about the attitudes and atmosphere in this town at present regarding these so-called lie detectors.

Talked a look at the science—or rather the lack of science—in these tests. I don't even like to use the phrase "polygraph" because it implies precision where precision does not exist. We all know what they pretend to be—lie detectors. But the truth is, as the Congress' own Office of Technology Assessment (OTA) has pointed out, that those machines cannot detect lies in a scientifically reliable manner.

Congress' Office of Technology Assessment found meaningful scientific evidence of polygraph validity only in the area of criminal investigations. Even there results ranged from 17 to 100% for correct guilty detections. But consider this striking fact. In screening situations (where one in 1,000 may be guilty) OTA pointed out that even if one assumed that the polygraph is 99% accurate, the laws of probability indicate that one guilty person would be correctly identified as deceptive but 10 persons would be incorrectly identified as deceptive (false positives). An accuracy rate of something less than 100% may be acceptable in attempting to forecast the weather. It should never be acceptable in matters affecting the reputations and the livelihoods of individuals.

Lie detector tests have a limited place in our security program, to a different extent in different agencies. But they must not become an excuse or a substitute for a real security program. There are both physical and psychological dimensions to such a program. That is, we must have physically secure places in which to work and everyone doing the work must be security conscious. It's like safety in the workplace. It can be done very effectively through persistent and continuous effort with everyone lending a hand.

Over the last several years, we have acted on numerous recommendations to put such a program in place. Our efforts to improve State Department security reflect both our own ideas and those of special study groups such as the Inman panel and the Lord commission. Congress approved a \$1 billion program based on the Inman panel's proposals in 1985. That same year, we established the Diplomatic Security Service and elevated its chief to the assistant secretary level.

Throughout, the State Department's security program has been at the top of my personal list of priorities. Of course, we cannot go over everything we have done in open session but let me cite a few examples in the areas of greatest need.

First, espionage:

- All of the FSNs in Moscow have been eliminated. After some initial problems in screening and sorting out what kind of employees we need, we have a system there that seems to be working.

- We are now going to apply the same lessons to other posts in Eastern Europe. In the near future, we expect to replace other FSNs in Eastern bloc countries.

- In Eastern Europe, we are establishing CORE areas of the embassy where no one but cleared Americans will be allowed. Our aim is: ensure that classified is processed in areas free from all foreign nationals or other cleared personnel.

- The typewriter bugging in Moscow led us to increased rigor in protecting our office equipment. The new plain text processing equipment facility—which we have set up joint with the CIA [Central Intelligence Agency]—allows us tight control over the office equipment that may be subject to tampering. Purchase, shipping, and maintenance are all handled by trained American personnel.

- Embassy construction is now done by cleared American firms. Construction sites are guarded by cleared Americans. Construction security programs are in place at 14 new office buildings and will be part of all future projects. Materials are screened and protected from the time of purchase until final disposal.

Second, counterintelligence:

- We have gotten help from the FBI [Federal Bureau of Investigation] with our counterintelligence (CI) pro-

um. The new chief of our CI shop is loan from the FBI. We also have a professional trainer from the Bureau to help us build up our own talent in this area.

- Our CI program is oriented toward the protection of classified information. Consequently, the program emphasis is on training, security awareness, employee screening (over 70 applicants were denied security clearances last year), and selection.

- We pursue an active program to insure that our employees comply with applicable regulations regarding their conduct. If they do not, we take appropriate steps. Last year, 40 employees had their clearances suspended, downgraded, or revoked because of personal security issues. We conducted over 1,200 update investigations on our current employees.

- We have worked to raise the level of awareness in the Foreign Service to espionage. Each Ambassador has been led to establish a counterintelligence working group (CIWG) to focus attention on CI matters at a high level at each post. And each Ambassador has been made personally accountable for security at his mission. All personnel assigned during the summer cycle to the bloc countries are required to do a 1 week counterintelligence training program jointly sponsored by the State and the CIA.

- We have instituted a more intensive use of counterintelligence debriefing and are developing a new program screening to use before selecting individuals for such assignment.

Third, security standards:

- Last fall we put out strict new physical and procedural security standards for any embassy that is to handle classified information. Posts are being brought into compliance. We have reduced the level of classified material authorized at several posts and have certified dozens of facilities from the purging of any classified material until new standards are met. This is a painful process for many posts in the short run. But in the long run it will improve their ability to do their work.

- I have talked to Bill Webster about how the intelligence community can help us to make sure our standards are what they should be—especially in areas like technical security where there are very few qualified experts. We will be establishing an organization which can give me an independent look

at our technical security standards without building up a big new bureaucracy and without tangling the lines of responsibility.

Our job will never be finished. There is more to be done and we are trying to do it. But what we are doing is the best way to achieve our objectives. To divert our resources and attention from these constructive activities to the destructive alternative of lie detector tests would be a serious blow, not just to morale but to security itself.

In August 1986, Congress passed and the President signed the Omnibus Diplomatic Security and Anti-Terrorism Act. This landmark legislation, carefully crafted by Congress, gave us the authority, and a major start on the resources we needed, to implement the recommendations of the Advisory Panel on Overseas Security chaired by Admiral Bobby Inman.

This legislation authorized a worldwide diplomatic security effort. Subsequently, we began a multi-year program to replace and upgrade facilities at our most vulnerable posts overseas. The Inman panel found that buildings at 134 of our 263 posts were substantially below minimum security standards. We began the most extensive construction program in the Department's history. We also started making improvements in security operations and organizations.

Unfortunately, today's budget realities are forcing us to slow the program down. In both FY 1988 and FY 1989, there will be no newly authorized starts in the security building program. In addition, we propose to hold the Diplomatic Security salaries and expenses to the 1988 level. Because this does not compensate for inflation, this means a real decrease in operations.

I accept the need to hold down expenditures in the interest of the nation's economic and financial health. The State Department is doing its part in that effort. But I also fear that if we continue to constrain diplomatic security expenditures in future years, the momentum toward improving the security of our operations will be lost. In short, it is critical that the levels requested for security be viewed as part of the Department's response to the budget process—not as a reduced commitment to security by the Administration or Congress.

With specific respect to the Moscow Chancery, a subject in which this committee has expressed a particular interest, we continue to make good progress on rehabilitating the existing chancery. At the same time, we are moving ahead with planning on how to achieve a new security chancery facility in Moscow.

The Department has worked closely with other agencies represented in Moscow to reach a consensus on the most feasible long-term solution to our needs in Moscow. Before expending significant additional funds to a specific approach, we want to be certain that the design and logistics of fully securing a building are feasible in the harsh security environment of the U.S.S.R. To get those answers, we have awarded a contract for an engineering and security survey of the new building to determine options for the present structure and development of a fully secure building. Concurrently, the survey will also look at the feasibility of restructuring the present chancery into a totally secure facility; a much less desirable option, in my view.

We will have the results of the survey in hand by late summer and will then prepare a proposed course of action for the consideration of the Congress. We expect to be able to present a package complete with funding requirements before the end of the fiscal year. In this regard, I should note that we believe no new funding for reconstruction of a new office building will be required prior to fiscal year 1990.

Let me now try to drive home some funding realities which demand attention. We fully understand the dilemma everyone faces under current budget limitations. And, we fully intend to operate within the level agreed upon at the budget summit, as our austere budget request indicates.

Contributions to International Organizations

Following on the \$480 million appropriated for FY 1988, and in line with the budget summit compromise of late last year, the President's FY 1989 budget requests only \$489.9 million for the contributions to international organizations account. This is \$166 million less than estimated 1989 net requirements (a shortfall of over 25%) for which we normally would seek U.S. funding. This will bring our cumulative shortfall to over \$500 million by the end of 1989—a record high.

This significant shortfall for FY 1989 forces us once again to confront an extremely difficult decision about the allocation of very limited funds. No one receiving less than 100% funding will be fully satisfied. But the facts dictate that many organizations will have to receive less than 100% funding because the Administration must seek less than 75% of full requirements for this account.

I recognize our budget problems and the need to live within the budget summit, yet I must point out my concern over the growing shortfalls in our payments. Looking ahead to 1990 in this account, if we continue virtually to straightline our appropriations, we will be falling even further behind.

If we do not reverse this trend toward further shortfalls in our assessed contributions to international organizations, the United States could lose its right to vote in some organizations. More immediately, continued shortfalls in our contributions undermine our efforts to achieve implementation of the important budgetary reforms which have been approved in the United Nations and key affiliated agencies at our initiation.

There are some who view the solution to this problem as negotiating a reduction in our assessments. Others argue just as forcefully that for the United States to seek an assessment reduction would be tantamount to accepting a diminished American role in world affairs—a diminished ability for America to pursue our most fundamental security, humanitarian, and economic interests around the world. They further argue that such negotiations would most probably be contentious and provide our adversaries with another opportunity to attack the United States.

There is no easy solution to this dilemma. The Department is studying the problem and is taking a hard look at all of the alternatives. This process will require extensive consultation with Congress over the next year. I ask for your support in this difficult reassessment.

State Department Improvements

In difficult times such as these, there is a temptation to put off badly needed programs and projects. Inevitably, several years later, it will be painfully evident that such a response to budget constraints was extremely shortsighted.

The construction of an up-to-date Foreign Affairs Training Center is a high priority for me. I urge the committee to approve this project. The issue is simple: ensuring the professional excellence and effectiveness of the men and women who represent our country abroad. I am convinced that the ability of the United States to effectively carry out its diplomatic functions is directly related to the skills of our professional staff. At a time of declining numbers in our workforce, it is particularly important that the quality of our personnel be the highest that is possible. The new Foreign Affairs Training Center will provide an adequate facility to address this need.

We must press ahead with skill development through training and the use

of current technology. We must take action now to ensure the future.

In closing, let me say again that we fail to provide the resources that give substance to our words, lend credibility to our commitments, and permit the effective execution of our plans will be shortchanging our most fundamental national goals and interests. My colleagues and I recognize that we must have the cooperation of Congress to achieve all our foreign policy objectives. We are committed to working with you and we welcome your close scrutiny of our budget proposals.

¹Press release 81 of May 2, 1988. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Secretary's Interview on "This Week With David Brinkley"

Secretary Shultz was interviewed on ABC-TV's "This Week With David Brinkley" on May 22, 1988, by David Brinkley, Sam Donaldson, and John McWethy of ABC News.¹

Q. Tell us what you think of the Gorbachev interview?

A. It's an interesting interview. As always, he has lots to say about many different subjects. In terms of tone, it's quite apparent that he wants to see things move forward, and I think that's good.

Q. Is there anything new in there that you had not seen or heard before?

A. I haven't had a chance to read it in all of its detail. He did make one proposal about a space mission that caught a lot of attention; and that's something that's been talked about, but it's a long way from being agreed on.

Q. Do you think, however, the United States would like to pursue it and would like to eventually agree to do it?

A. We have a space agreement that we finished about a year ago. Under that agreement, particular projects get taken up and we examine them and decide whether to go forward with them or not, so I presume this will come up under that heading.

Q. It doesn't sound like you want to put it on the front burner.

A. By the time you talk about sending something to Mars—and it wasn't clear to me whether it's a manned or a manned flight. I've seen that report both ways. I saw it unnamed, but then I thought in your roundup newscast it said "manned." But at any rate, obviously this has to be studied carefully and gone forward right, including we always have to be careful with problems of technology transfer.

Q. Let me ask you about something that obviously will come up. What difference, real difference, does it make if the INF [Intermediate-Range Nuclear Forces] Treaty is completely finished by the Senate—assuming it is finished at some point before long—before you and the President go to Moscow? Does it make any real difference?

A. It helps, certainly, to have completed something and to register the fact. Let me point out also that it has been, I think, since 1972 that we haven't ratified a treaty with the Soviet Union, and we've had several on the table. So it's good to register the fact that we can do it.

Q. Do you have any particular words of advice to the leadership? Apparently you're going to Capitol Hill

tomorrow to try to move the process along. What are you going to be telling them?

A. Actually, I think the process is gone well, and I have only complaints for the Senate in the way in which they've handled this. It's been a very thorough process. We've had over 100 hearings. We've answered over 1,300 questions. I've appeared three times myself. We have pinned things down that people wanted to pin down, and I think it's been thorough going. Now the treaty is being debated. I think there's been a time for hearings and a time for questions and a time for critiques and a time for debate; and there also has to be a time to decide, and I think we're about there.

Q. Wouldn't it be embarrassing to you and the President to have conservative Republicans leading the opposition against this treaty in the Senate and trying to delay it, obviously, past the Moscow summit?

A. I don't know. I wouldn't try to put down any motives. But certainly it's good thing to have people who probe, struggle and criticize. It helps to assure people that there's been no stone left unturned.

Q. There are a number of indications at this point that the Administration may be changing its position on SDI, the Strategic Defense Initiative. The Defense Science Board has recommended that the Administration take a much lower first step than had been advocated in years past by the Administration. Are you taking something new with you to the Soviet Union next week that will indicate a slightly different approach to SDI?

A. The President's position, insofar as negotiations are concerned, has never changed. It is that basically he will not agree to anything that in any way impedes the development of our ability to figure out how to defend ourselves against ballistic missiles, if we can do it. That has always been his position.

That still leaves room for a lot of things with the Soviet Union, such as a moratorium on nonwithdrawal from the ABM (Anti-Ballistic Missile) Treaty, that provides assurances on both sides of what a general environment is going to be when we have massive cuts in our offensive forces.

Personally, I think that we, as well as they, are well advised to want to see that that atmosphere is going to be. So these are things we have negotiated out.

There are a variety of things on the table that we're struggling with. We did agree on some language here at the Washington summit, that both sides agreed on. The only difficulty with that language is that we also agree that we don't agree on what it means, so we still have a lot of work to do.

Q. Gorbachev also said, "Who would have thought in the '80s that Ronald Reagan would have become—the first President to sign a nuclear arms treaty with the Soviet Union." He refers, of course, to the days when—

A. Nuclear arms reduction.

Q. What did I say?

A. You said "agreement."

Q. All right.

A. There have been agreements, but they've been agreements under which nuclear weapons were allowed to increase, and the President has always objected to that. He said what he wants to do is decrease them.

Q. Anyway, I was referring to his—he was referring to the '80s when the President was saying "the evil empire" and so on. What's changed him? You've watched him all this time. He's come quite a long way.

A. We need to remind ourselves that in 1981 President Reagan proposed the zero option. I presume he would have signed it then if the Soviets would have agreed to it. They wouldn't agree to it.

In 1982 he proposed 50% cuts in strategic arms. We have completed an agreement on the zero option, and we have all of the basic structure of a 50% reduction arrangement there, although there are immense amounts of additional difficult understructure to that agreement yet to be done. So these are things that have been consistently pursued objectives on the part of our President.

Q. So, as you're seeing it then, who would have believed that Gorbachev would be the first to sign a nuclear reduction treaty with the United States?

A. Mr. Gorbachev is new in power, in a sense. He's been there now for about 3 years. I would have to tell you, from the first time I met him, which was assisting Vice President Bush at the Chernenko funeral—we met for about an hour and a half—I went away from that meeting saying this is a different kind of Soviet leader from what we've seen in the past. You could see it immediately.

Q. Bring us to date on the Noriega negotiations in Panama? Where do we stand?

A. We have had a lot of discussion with him, and we haven't concluded any agreement. Our objective is to have him give up his command of the Panamanian Defense Forces and to leave Panama, and to have the forces of democracy there and national reconciliation have a political opening so that they can basically get in charge of that country.

I think in terms of what it cost somebody to get involved in drugs and violate the U.S. law, a penalty such as having to leave his command is a great—although we would wish for more—penalty.

Q. On that point, it is reported that you would be willing to drop the drug indictments against Noriega as part of an agreement which leads to the objective you've just outlined. Is that true? And, if so, why?

A. I give my advice to the President, so I'm not going to talk about anybody's position, but I will talk about the proposition.

Q. All right. Talk about your particular position.

A. Let me just talk about the proposition. We have pushed very hard for more democracy, more freedom, more rule of law throughout our hemisphere, and, for that matter, throughout the world. We've seen a great deal of success in that, although we've also seen setbacks. We certainly want that same thing in Panama. We've pushed for it there.

With General Noriega and his command of the armed forces there now, that's a setback. It's particularly a setback when we see that he's involved in drugs. So we have the two objectives. Now we want to pursue both of those objectives as part of our general policy in that area.

We have in our hands a variety of tools. We have great economic stroke which people have felt and Noriega has felt. We have various other possible things we can do. We do want to be very strict in our observance of the Panama Canal treaties and not in any way do anything that disrupts that.

We also have the fact that there is an indictment against him. It's an indictment for violation of U.S. law, and it would be desirable to bring him to the United States and try him here. However, we have no way of doing that. We have no ability to extradite him

from Panama. So you ask yourself, which situation are we better off in: to have Noriega more or less in charge in Panama and us with an indictment that we can't do much about, but nevertheless holding onto it; or having Noriega giving up power in Panama and leaving Panama, but also, having paid that penalty, not having the indictment hang over his head?

There are very important arguments to be made on all sides of that issue. It's a real judgment to be made, and it's a difficult judgment.

Q. You know what the next argument is—that is, if you set a precedent of deciding that this objective is important enough to drop the indictments, then that sends a signal to the next guy that we want to indicate that if you'll just hang tough, the United States will give in.

A. It's not a question of hanging tough. We have indicted lots of people. If you have a person who isn't the head of state, you have a chance of getting that person. We've had people extradited from—

Q. Noriega isn't a head of state.

A. We recognize Delvalle as the constitutional President of Panama—

Q. But you're going to change that, I understand.

A. Noriega has a great deal of control there, and so that's what we want to see—

Q. But I understand you're going to change that, that you might agree to recognize Solis Palma, the Noriega guy.

A. No. I don't know where you get that understanding. There's nothing to that.

Q. If he were to go to some other country, leave Panama and go to some other country—not this one—the indictment would essentially be meaningless, wouldn't it?

A. If he went to some other country from which we could extradite him, it wouldn't be meaningless. That's an argument for holding onto it.

Q. Read the extradition laws—

A. In effect, you make him a prisoner in Panama, to a certain extent. Of course, many countries don't have extradition treaties with us. Some do.

Q. Since the United States began imposing different sanctions on Panama, the opposition claims that they

are losing power—the opposition which the United States is supporting. Noriega is still there. He is still stringing you along, and it is looking more and more like a sucker play, that Noriega is just playing the United States for all it's worth and hanging in there, seeing how much he can get.

A. There is a balance of pressure on both sides. The pressures on him, as a result of inability to meet military payrolls and things of that kind, are quite great. And so the fact that his presence there constitutes a major problem for Panama, not just with us—and here I agree with something Senator [Sam] Nunn said on the program—but also with other countries around there. Other countries are engaged and they do care, and they would like to see him out. So he is a figure of unpopularity.

Q. One other point on the interview with Gorbachev. He admitted that there was some opposition. Could you add anything to that? Do you know how strong it is, how much opposition he has within his own government?

A. Our Ambassador to Moscow, Jack Matlock, has had three tours of duty in that country. He says now, for the first time, he really enjoys reading the papers because it's full of controversy and people arguing this, that, and the other thing. So there has been a change. Of course, when there's controversy, that means there are people arguing for things and people arguing against them, as is the case here.

Q. Gorbachev also, in the interview, talked about continuing the negotiation on the START [strategic arms reduction talks] treaty. He said he was optimistic about it, and he would do it even though the President, Mr. Reagan, is about done. I think you think a START treaty can be concluded before the end of the President's term?

A. It's certainly possible. I feel certain that at the Moscow summit, both will want to agree to keep working on it hard. But whether it actually will happen or not, I don't know. The issues are tough.

¹Press release 96 of May 23, 1988.

U.S. Arms Control Initiatives

Following is the latest in a series of updates on current U.S. arms control initiatives.

Arms reduction negotiations are one element in the Administration's strategy for ensuring peace and strengthening security. Through arms reductions, the United States seeks to preserve a stable strategic balance at the lowest possible levels of military force, thus reducing the risk of conflict. The United States took an important step toward this goal when President Reagan signed the INF Treaty in Washington last December.

As part of our efforts to make the world safer, we have undertaken a number of arms reduction initiatives, including proposals for:

- A stabilizing and effectively verifiable 50% reduction in U.S. and Soviet strategic offensive arsenals;
- A managed transition to deterrence based increasingly on defenses—which threaten no one—rather than on the threat of nuclear retaliation;

- An effective, verifiable, and timely global ban on chemical weapons;
- Effective verification provisions for existing treaties limiting nuclear testing;
- A strengthened nuclear non-proliferation regime;
- Reductions of conventional forces in Europe to equal levels; and
- Confidence- and security-building measures.

Intermediate-Range Nuclear Forces

The INF negotiations have concluded successfully. On December 8, 1987, President Reagan and General Secretary Gorbachev signed the historic INF Treaty. The treaty provides for the elimination of all U.S. and Soviet ground-launched INF missile systems in the range of 500–5,500 kilometers (about 300–3,400 miles) and the elimination of related support facilities and support equipment within 3 years after it enters into force. The treaty bans all production and flight testing of these missiles immediately upon entry into

as well as the production of any missile stages or launchers for these missiles. After the 3-year period of elimination, neither side may possess INF missiles, launchers, support structures, or support equipment. The treaty contains the most comprehensive verification provisions in the history of arms control, including various types of short-notice, onsite inspections as well as inspection by resident, onsite teams at key missile facility in each country. The success of these negotiations is a direct consequence of the President's steadfast commitment to achieving real arms reductions rather than merely lifting increases as in previous treaties. The treaty is also the result of NATO solidarity in responding to the threat posed by Soviet deployment of SS-20 missiles.

On January 25, 1988, the treaty was submitted to the U.S. Senate for advice and consent to ratification.

Strategic Offensive Forces

The United States places highest priority on its efforts to reach an equitable and effectively verifiable agreement with the Soviet Union for deep and stable reductions in strategic nuclear arms. In particular, the United States seeks reductions in the most destabilizing nuclear arms—fast-flying ballistic missiles, especially heavy, intercontinental ballistic missiles with multiple warheads.

As a concrete step toward this end, the United States presented a draft treaty at the strategic arms reduction talks in Geneva on May 8, 1987. This draft treaty reflected the basic areas of agreement on strategic arms reductions reached by President Reagan and General Secretary Gorbachev at Reykjavik in October 1986 to achieve 50% reductions in U.S. and Soviet strategic nuclear arms. The Soviets presented a draft treaty on July 31, 1987. While the Soviet draft contained some areas of similarity to the U.S. proposal, it offered no movement on the major outstanding issues. The U.S. and Soviet draft treaties provided the elements for a joint draft treaty text, which continues to be the basis of negotiations.

During their meetings in Washington in December 1987, President Reagan and General Secretary Gorbachev agreed to instruct their negotiators to work toward completion of a START agreement at the earliest possible date. The negotiators are building on areas of agreement: 50% reductions as reflected in the joint draft

START treaty text, including ceilings of no more than 1,600 strategic offensive delivery vehicles with 6,000 warheads and 1,540 warheads on 154 heavy ICBMs as well as the agreed rule of account for heavy bombers and their nuclear armament.

During the Washington summit, the two leaders made further progress on START, including agreement on a sublimit of 4,900 for the total number of ballistic missile warheads, the numbers of warheads attributed to existing types of ballistic missiles, and approximately a 50% reduction in the existing aggregate throw-weight of Soviet intercontinental ballistic missiles and submarine-launched ballistic missiles, with this level not to be exceeded by either side for the duration of the treaty. The leaders also agreed on guidelines for effective verification of a START treaty, including short-notice, onsite inspections, data exchanges, and continuous onsite monitoring of critical facilities.

In recognition of the importance of details for effective verification, the United States has presented a number of key verification documents, including a draft protocol on conversion or elimination (October 1987), a draft protocol on inspection and monitoring (February 1988), and a draft memorandum of understanding on data exchange (March 1988). After the Soviets had put forth their own versions of these documents, the negotiators were able to develop joint draft texts, a step critical to completion of a START treaty.

However, important substantive differences remain on issues such as mobile intercontinental ballistic missiles; a warhead sublimit on ICBMs; modernization of existing types of Soviet heavy ICBMs; counting rules for air-launched cruise missiles; sea-launched cruise missiles; and the details of an effective verification system. In

addition, the Soviets continue to link agreement on strategic arms reductions with U.S. acceptance of measures which would cripple the U.S. Strategic Defense Initiative. The United States has repeatedly told the Soviets that such measures are unacceptable.

The United States seeks a fair and durable agreement to bring about—for the first time in history—deep reductions in the strategic nuclear arsenals of the United States and the U.S.S.R. We believe such an agreement could be reached this year if the Soviet Union will match our constructive approach to the Geneva negotiations.

Defense and Space Issues

In the defense and space forum, the United States seeks to discuss with the Soviets the relationship between strategic offense and defense. We also seek to discuss how, if we establish the feasibility of effective defenses, the United States and U.S.S.R. could jointly manage a stable transition to deterrence based increasingly on defenses—which threaten no one—rather than on the threat of retaliation by offensive nuclear weapons.

During their December 1987 meetings in Washington, President Reagan and General Secretary Gorbachev—taking into account the preparation of the START treaty—instructed their Geneva negotiators to work out an agreement that would commit the sides to observe the Antiballistic Missile Treaty as signed in 1972, while conducting their research, development, and testing as required, which are permitted by the ABM Treaty, and not to withdraw from the ABM Treaty for a specified period of time. They agreed that intensive discussions of strategic stability shall begin not later than 3 years before the end of the specified period, after which, in the event the sides have not agreed otherwise, each side will be free to decide its own course of action. Such an agreement would have the same legal status as the START treaty, the Antiballistic Missile Treaty, and other similar, legally binding agreements and would be recorded in a mutually satisfactory manner.

On January 22, 1988, the United States put a draft defense and space treaty on the table at the Geneva negotiations. This draft fulfilled the instructions of President Reagan and General Secretary Gorbachev. The U.S. draft treaty seeks to transform the areas of agreement reached at the Washington summit into treaty language and to

Acronyms

ABM—Antiballistic Missile Treaty
CORTEX—continuous reflectometry for radius versus time experiment
IAEA—International Atomic Energy Agency
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
MBFR—mutual and balanced force reductions
SDI—Strategic Defense Initiative
START—strategic arms reduction talks

identify and resolve areas of disagreement.

The U.S. draft calls for a new and separate treaty and incorporates the following elements:

- Entry into force contingent upon entry into force of a START treaty;
- Agreement not to withdraw from the ABM Treaty for a "specified period of time" to be determined through negotiations;
- Observation of the ABM Treaty through that period and until either party chooses a different course of action; and
- After the "specified period of time," either party is free to choose its own course of action, including deployment of strategic missile defenses beyond the limitations of the ABM Treaty, after giving the other party 6-months written notice of its intention to do so.

The United States also proposes confidence-building measures—in the form of a protocol on predictability—as an integral part of the defense and space treaty. Such measures would provide predictability regarding each side's strategic defense programs. On March 15, 1988, the United States proposed a draft predictability protocol to its January 22 draft treaty, including an annual exchange of programmatic data on planned strategic defense activities, reciprocal briefings on respective strategic defense efforts, reciprocal visits to associated research facilities, and establishment of procedures for reciprocal observation of strategic defense tests.

In early May 1988, the Soviets presented drafts for a separate defense and space agreement and associated side agreements. Although these Soviet drafts use the agreed language from the Washington summit, the Soviets have made clear that they continue to maintain an interpretation of the ABM Treaty that is more restrictive than agreed to by the parties in 1972. The Soviet proposal fails to meet fundamental U.S. concerns such as the retention of rights of withdrawal recognized under international law. Furthermore, Soviet violations of the ABM Treaty continue. The United States cannot agree to any further obligations until the Soviets deal with these violations satisfactorily.

We hope that the Soviets will join us in serious discussions to conclude a defense and space treaty that achieves the important goals which the two leaders identified at the Washington summit. We hope that such a treaty will

hasten progress toward a safer, more stable world—one with reduced levels of nuclear arms and an enhanced ability to deter war based on the increasing contribution of effective strategic defenses against ballistic missile attack.

Nuclear Testing

The United States and the Soviet Union have undertaken step-by-step negotiations on nuclear testing. In these talks, the two countries agreed as a first step to negotiate effective verification measures for two existing but unratified nuclear testing treaties, the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Once these verification concerns have been satisfied and the treaties ratified, the United States will propose negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

We are making progress toward our goal of effective verification of the two existing treaties. During the December 1987 summit in Washington, the United States and the Soviet Union agreed to design and conduct a joint verification experiment intended to facilitate agreement on effective verification of these two treaties. This joint experiment, which will take place at each other's nuclear test site, will provide an opportunity to measure the yield of nuclear explosions using techniques proposed by each side. Through this experiment, we hope to provide the Soviet Union with all the information it should need to accept U.S. use of CORTEX—the most accurate technique we have identified for verification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty.

During their April 20–22, 1988, meetings in Moscow, Secretary Shultz and Foreign Minister Shevardnadze approved a schedule for the joint verification experiment as well as an agreement on its conduct. They also instructed the negotiators to complete annexes to the agreement which would contain technical details of the experiment. Preparations for the experiment are already underway, and it is expected the experiment will be conducted this summer.

At their April meeting, the two ministers also instructed their negotiators to complete work on a verifica-

tion protocol to the Peaceful Nuclear Explosions Treaty for signature at the Moscow summit. In the case of the Threshold Test Ban Treaty, however, the Soviets have insisted that the experiment is necessary before the protocol can be finalized. The negotiators are now focusing on arrangements for conducting the experiment as soon as possible, at the same time continuing to work on the protocols. We hope the Soviets will continue to work with us toward agreement on effective verification measures that would permit these treaties to be ratified—a long time goal of the Administration.

Nuclear Risk Reduction Centers

On April 1, 1988, the U.S. Nuclear Risk Reduction Center, which is located in the Department of State, officially opened. This center, along with its Soviet counterpart in Moscow, was established through an agreement signed by Secretary Shultz and Soviet Foreign Minister Shevardnadze on September 15, 1987. These centers, which are the direct result of a U.S. initiative, are practical measures that strengthen international security by reducing the risk of conflict between the United States and the Soviet Union that may result from accident, misinterpretation, or miscalculation. The centers exchange information and notifications required under certain existing and possible future arms control and confidence-building measures agreements. For example, the centers would be used to transmit notifications related to short-notice inspections conducted under the INF Treaty.

Nuclear Nonproliferation

In January 1988, the United States and the Soviet Union held the 10th round in an ongoing series of consultation which began in December 1982, on nuclear nonproliferation. These consultations have covered a wide range of issues, including prospects for strengthening the international nonproliferation regime, support for the Nuclear Nonproliferation Treaty, the mutual desire of the United States and the U.S.S.R. to strengthen the International Atomic Energy Agency. These consultations are not negotiations but, rather, discussions to review in depth various issues of common concern related to efforts to prevent the spread of nuclear weapons. The next consultations will be held around the time of the June IAEA Board of Governors meeting.

Chronology: January 1, 1986-May 13, 1988

U.S.-SOVIET ARMS CONTROL NEGOTIATIONS

Nuclear and Space Talks

Round IV: January 16-March 4, 1986
 Round V: May 8-June 26, 1986
 Round VI: September 18-November 13, 1986
 Round VII: January 15-March 6, 1987
 INF continued to March 26)
 Round VIII: April 23-December 7, 1987
 INF); May 5-November 23, 1987
 START and defense and space)
 Round IX: Began on January 14, 1988

Conference on Confidence- and Security-Building Measures and Disarmament in Europe (Multilateral)

Round IX: January 28-March 15, 1986
 Round X: April 15-May 23, 1986
 Round XI: June 10-July 18, 1986
 Round XII: August 19-September 19, 1986—agreement concluded

Conference on Security and Cooperation in Europe

First Round of Followup Conference:
November 4-December 20, 1986
 Second Round of Followup Conference:
January 27-April 11, 1987
 Third Round of Followup Conference:
May 4-July 31, 1987
 Fourth Round of Followup Conference:
September 22-December 18, 1987
 Fifth Round of Followup Conference:
January 22-March 25, 1988
 Sixth Round of Followup Conference:
Began April 15, 1988

Conference on Disarmament (Multilateral)

Chemical Weapons Committee Rump
Session: January 13-31, 1986
 Spring Session: February 4-April 25, 1986
 Summer Session: June 10-August 29, 1986
 Chemical Weapons Committee Chair-
man's Consultations: November 24-
December 17, 1986
 Chemical Weapons Committee Rump
Session: January 6-30, 1987
 Spring Session: February 2-April 30, 1987
 Summer Session: June 8-August 26, 1987

Chemical Weapons Committee Rump
Session: November 30-December 16, 1987
 Chemical Weapons Committee Rump
Session: January 11-29, 1988
 Spring Session: February 2-April 28, 1988
 Summer Session: To begin July 7, 1988

Mutual and Balanced Force Reductions (Multilateral)

Round 38: January 30-March 20, 1986
 Round 39: May 15-July 3, 1986
 Round 40: September 25-December 4, 1986
 Round 41: January 29-March 19, 1987
 Round 42: May 14-July 2, 1987
 Round 43: September 24-December 3, 1987
 Round 44: January 28-March 17, 1988
 Round 45: To begin May 19, 1988

Nuclear Risk Reduction Centers

Round I: January 13, 1987
 Round II: May 3-4, 1987—agreement
concluded, *ad referendum*;
agreement signed in Washington on
September 15, 1987

Nuclear Testing Talks

Round I: November 9-20, 1987
 Round II: Began on February 15, 1988

U.S.-SOVIET ARMS CONTROL EXPERT-LEVEL MEETINGS

Mutual and Balanced Force Reductions Talks

August 6-7, 1986, in Moscow
 September 10-11, 1986, in Washington

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

August 14-15, 1986, in Stockholm

Chemical Weapons Treaty Talks

January 28-February 3, 1986, in Geneva
 April 15-25, 1986, in Geneva
 July 1-18, 1986, in Geneva
 October 28-November 18, 1986, in New
York City

February 16-March 5, 1987, in Geneva
 July 20-August 7, 1987, in Geneva
 November 30-December 17, 1987, in
Geneva
 March 8-25, 1988, in Geneva

Biological and Toxin Weapons Convention

March 31-April 15, 1987, in Geneva

Chemical Weapons Nonproliferation Discussions

March 5-6, 1986, in Bern
 September 4-5, 1986, in Bern
 October 7-8, 1987, in Bern

Conventional Stability Mandate Consultations (Multilateral)

February 17-April 6, 1987, in Vienna
 May 11-July 31, 1987, in Vienna
 September 28-December 14, 1987, in
Vienna
 January 25-March 24, 1988, in Vienna
 April 20, 1988, began in Vienna

Nuclear Testing

First Session: July 25-August 1, 1986,
in Geneva
 Second Session: September 4-18, 1986,
in Geneva
 Third Session: November 13-25, 1986,
in Geneva
 Fourth Session: January 22, 1987 re-
cessed on February 9; resumed on
March 16; concluded on March 20 in
Geneva
 Fifth Session: May 18-29, 1987, in
Geneva
 Sixth Session: July 13-20, 1987, in
Geneva

Nuclear Risk Reduction Centers

May 5-6, 1986, in Geneva
 August 25, 1986, in Geneva

Nuclear Nonproliferation Talks

December 15-18, 1986, in Washington
 July 28-30, 1987, in Moscow
 January 11-14, 1988, in Washington

Chemical Weapons

In April 1984, the United States presented, at the 40-nation Conference on Disarmament in Geneva, a draft treaty banning development, production, use, transfer, and stockpiling of chemical weapons to be verified by various means, including short-notice, mandatory onsite challenge inspection. At the November 1985 Geneva summit, President Reagan and General Secretary Gorbachev agreed to intensify bilateral discussions on all aspects of a comprehensive, global chemical weapons ban, including verification. Since then, we have held eight rounds of bilateral talks on a chemical weapons treaty. A ninth round is proposed for July 1988. These discussions have narrowed differences in a few areas, including early data exchange and destruction of production facilities.

Until March 1987, the Soviets—who possess by far the world's largest chemical weapon stockpile—had not admitted that they even had such weapons. In April 1987, they claimed that they had stopped producing them, had no chemical weapons positioned outside their borders, and were building a facility to destroy existing stocks. They also hosted a visit by Conference on Disarmament representatives to the Soviet chemical weapon facility at Shikhan in October. In addition, the Soviets finally accepted a longstanding U.S. invitation to observe the U.S. chemical weapon destruction facility in Tooele, Utah; on November 19–20, 1987, a delegation of Soviet experts visited that facility. We see these moves as useful steps toward building confidence, which will facilitate negotiation of an effectively verifiable ban on chemical weapons.

Nonetheless, a number of key issues remain, including how to ensure participation of all states that could pose a chemical weapons threat; how to strengthen verification in light of new technologies, the continuing proliferation of chemical weapons, and the nature of chemical industries capable of both military and civilian production; how to maintain security under a convention; and how to protect sensitive information not related to chemical weapons during inspections.

At the December 1987 Washington summit, President Reagan and General Secretary Gorbachev reaffirmed the need for intensified negotiations toward conclusion of a truly global and verifiable convention encompassing all chemical weapons-capable states. They also agreed on the importance of greater openness and confidence-building measures. The United States is prepared to work constructively with other members of the Conference on Disarmament to resolve outstanding issues.

In addition to treaty discussions, we are working with allies and other friendly countries as well as with the Soviets on preventing the proliferation of chemical weapons. Primarily in response to the continuing use of chemical weapons in the Iran-Iraq war, the United States and 18 other Western industrialized countries have been consulting since 1985 to harmonize export controls on commodities related to chemical weapon production and to develop other mechanisms to curb the illegal use of such weapons and their dangerous spread to other countries. Also, in bilateral discussions with the Soviets on chemical weapon non-proliferation, we have reviewed export controls and political steps to limit the spread and use of chemical weapons.

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

In September 1986, after almost 3 years of negotiations, the 35-nation Stockholm Conference on Disarmament in Europe adopted a set of concrete measures designed to increase openness and predictability of military activities in Europe. These measures, which are built around NATO proposals, provide for prior notification of certain military activities above a threshold of 13,000 troops or 300 tanks, observation of certain military activities above a threshold of 17,000 troops, and annual forecasts of upcoming notifiable mili-

tary activities. The accord also contains provisions for onsite air and ground inspections for verification, with no right of refusal. Although modest in scope, these provisions were the first time the Soviet Union agreed to inspection on its own territory for verification of an international security accord. The United States is encouraged by the record of implementation to date which generally reflects both the letter and the spirit of the Stockholm document.

On August 30, 1987, the United States—under the terms of the Stockholm document—successfully completed the first-ever, onsite inspection of a Soviet military exercise. Since then, several inspections have been conducted by both NATO and the Warsaw Pact. More recently, the United States conducted an inspection in April of troops from the German Democratic Republic and the Soviet Union in East Germany. This was the first inspection by a Western state of a non-notified activity. In early May, Bulgaria conducted an inspection of a NATO amphibious exercise in Italy. The United States considers inspections an integral part of the Stockholm agreement and an important step in the process of increasing openness and building confidence and security in Europe.

Further Negotiations on Confidence and Security-Building Measures

At the Vienna CSCE followup meeting in July 1987, NATO proposed that the 35 CSCE participating countries resume negotiations on confidence- and security-building measures in order to build on and expand the work begun in Stockholm. Warsaw Pact and neutral and nonaligned states also support resumption of these negotiations. However, final agreement to resume such negotiations can only come as part of a balanced outcome to the Vienna CSCE Followup Conference, including significant progress in Eastern-bloc human rights performance.

Conventional Stability Talks

NATO began consultations with the Warsaw Pact in February 1987 to develop a mandate for new negotiations on conventional stability in Europe.

Visit of Canadian Prime Minister



(White House photo by Susan Biddle)

By 1987, representatives of NATO presented a draft mandate for negotiations between the countries belonging to the NATO alliance and the Warsaw Pact, covering their conventional forces on land from the Atlantic Ocean to the Ural Mountains. These negotiations would take place within the framework of the CSCE process but would be autonomous regarding subject matter, participation, and procedures.

In the ensuing months, the negotiators have reached preliminary agreement on several aspects of the mandate, including procedures, participants, objectives and methods, and verification. Discussion continues on the remaining issues. We hope to conclude these mandate discussions in 1988 so we can get the new negotiations underway, along with the negotiations on confidence-building measures. Our ability to proceed with new conventional stability negotiations depends on the achievement of a balanced outcome at the Vienna CSCE Followup Conference, including progress in Eastern-bloc human rights performance.

Mutual and Balanced Force Reductions

On December 5, 1985, NATO presented, at the MBFR negotiations, a major initiative designed to meet Eastern-bloc concerns. The proposal deferred to Western demand for data agreement on current forces prior to treaty signature. The Soviets had claimed that this Western demand was the primary roadblock to agreement. The proposal was called for a time-limited, first-phase withdrawal from Central Europe of 5,000 U.S. and 11,500 Soviet troops, followed by a 3-year, no-increase commitment by all parties with forces in this zone. During this time, residual force levels would be verified through traditional technical means, agreed entry/exit points, data exchange, and 30 annual onsite inspections. Effective verification of a conventional arms agreement requires such special measures. The Soviets have not responded constructively to the Western initiative. ■

Prime Minister Brian Mulroney of Canada made an official working visit to Washington, D.C., April 26-28, 1988, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Mulroney at the arrival ceremony on April 27.1

President Reagan

Bienvenue [Welcome], Brian et Mila. Nancy and I welcome you in the name of all Americans. Your visit is more than the last Washington meeting of two fortunate Irishmen who became leaders of their two countries. Together, we're looking ahead to a new era of growth and well-being for our two countries. In 1988 we're witnessing a dream come into being that many on both sides of the border have worked for: an agreement created to drastically reduce trade and tariff barriers between our two great nations. We shall show by deed and dedication, after the legislative process has been completed, that the lowering of tariffs and trade barriers is the way to a more prosperous world. Protectionism is out, and trade expansion is in.

We're embarking on an exciting new beginning. Our free trade agreement is recognized beyond North

America as a venture never before attempted on such a scale by two sovereign and independent nations. When accepted by Parliament and Congress, the agreement will become one of the most important achievements of my tenure in Washington. President Eisenhower asked "the free world to recognize that trade barriers, although intended to protect a country's economy, often in fact shackle its prosperity." I like to be satisfied, I'm certain, with our efforts this past year. We are unshackling our trading relationship in a broad-based effort to make our two countries more prosperous at home while making ourselves more competitive abroad. We're players in a world economy, and our free trade agreement will help make us the world-class competitors we must be.

Our agreement is remarkable in many ways. It has balance and offers mutual gains for two huge trading partners. Permit me, Brian, to salute the very special and dedicated Canadians and Americans who worked to put this agreement together and who made it happen. We both fielded teams of big league negotiators, and the agreement is indeed a product of their combined abilities. Our countries and peoples have been well served.

I am confident that the legislatures in both of our countries will vote favorably on this historic free trade agreement. Important as that step is, there are still other steps to be taken on the global economic stage. You and I will be meeting again, in Toronto this June, at the economic summit, where we will have discussions with our colleagues from Europe and Japan. We hope to move the process of international economic coordination forward. These discussions will also speed the way to what we trust will be a successful GATT [General Agreement on Tariffs and Trade] round of negotiations. We know that Canada shares with us our concerns about those many barriers to agricultural and services trade that are damaging to world trade.

We both attach great importance to GATT. While the tasks of the present round are formidable, it is essential that we give substance to a comprehensive multilateral reform of the international trading system. This will not be easy to accomplish, but it must be undertaken. And our objectives must include meaningful progress on agriculture. Agriculture is fundamental to both our economies, and it is an export area in which we're highly competitive in a free and open world market. The United States actively seeks the elimination of all subsidies in agriculture as a top priority. Together we must be successful in order to restore market forces in world agriculture.

Cooperation is the hallmark of our relationship in other areas. We will be working with Canada on the largest cooperative high-technology project we have ever undertaken: the permanently manned civil space station. Cooperation has also been the basis of our nearly 80-year tradition of shared concern for our environment. Much has already been done, and experts on both sides of the border recognize the results that have been achieved. Both our countries have made substantial progress in improving air quality. We have advanced our efforts to improve the water quality of the Great Lakes. More can be done to protect our environment as science clearly points the way, but make no mistake, we are moving.

Ours is a relationship of people and their ability to hold personal relationships across a national border. They form them easily and quickly, in good times and during times of stress. Today warm and close professional working ties are enjoyed and valued by serv-

icemen and women of both our armed forces. It has made for an everyday camaraderie that has become both unique among armed forces and commonplace in our bilateral security relations. It is of great benefit to the smooth operation of NORAD [North American Aerospace Defense Command] and NATO and our shared responsibilities for the defense of North America.

In recent years we've been heartened by Canada's renewed efforts to strengthen its military forces—efforts forcefully spelled out in last year's defense white paper. With this strengthening has gone the Canadian Government's commitment to enlarge its contribution to the defense effort of the West and to support this commitment with the necessary budgets. This is but another illustration of a shared sense of purpose that Canada and the United States nurture to make the alliance stronger.

As I prepare for Moscow, I welcome your thoughts on how we can further relieve international tensions. Thus, Brian, we have our work, as always, cut out for us during our visit. Let's go to it.

Prime Minister Mulroney

I want to thank you, Mr. President, for your kind words and generous welcome. It's a pleasure to be back among good friends.

The friendship between our people stretches back generations and stretches across a continent. Our relationship is a model for civilized conduct. It reflects what is best in the democratic values on which free societies are based. On more than one occasion we have made common cause in the defense of the values we hold dear, and we remain vigilant in the defense of freedoms we cherish. As one of my distinguished predecessors, John Diefenbaker, once put it—he happened to be a conservative as well—"We are the children of our geography, products of the same hopes, faith, and dreams."

Last year, Americans made almost 37 million visits to Canada, the world's largest tourist invasion, save one, which would be the nearly 45 million visits made last year by Canadians to the United States. And I think that gives you an indication of what really goes on in February in Canada. [Laughter] Don't try and call a meeting. [Laughter] You would be quick to note an imbalance in those figures, and I point this out to Secretary Baker [Sec-

retary of the Treasury James A. Baker III]—there's an imbalance in those figures, an imbalance in your favor. But assure you, we have no plans to legislate against it.

I was determined when I took office to approach relations between our countries in a spirit of openness and perseverance in dealing with the problems that faced us. I found in you a leader of warmth and directness. We have met regularly. In fact, our series of annual meetings is unprecedented in the history of Canada-U.S. relations, and I would hope that it is now a permanent feature of our relationship. In the President's second term of office—and in what I hope will be known afterwards as my first [laughter]—we have done much to repair and refurbish the relationship between Canada and the United States. I haven't the slightest doubt that the President could go on and on—to quote Mrs. Thatcher's [U.S. Prime Minister Margaret Thatcher] noted turn of phrase—but I gather you have something in this country called the 22d amendment. But the principle we set out for ourselves at Quebec in 1985, by this President and myself, I believe have served us well.

We have reinforced our links in the largest trading partnership in the history of the world. In January the President and I signed the free trade agreement, under which both countries stand to gain. As Secretary Baker said in Ottawa last week, this achievement will grow in stature and importance over time. Its geopolitical potential is most significant. And I, too, want to pay tribute to Jim Baker and Clayton Yeutter [U.S. Trade Representative] for the very constructive role they played with our top people at a most critical juncture of the negotiations. The implications of the free trade agreement go far beyond our border and far beyond the shores of this continent, for what transpires between the world's largest trading partners holds certain significance in the multilateral context.

We have renewed our defense relationship with the modernization of all defense arrangements and enhanced contributions to NATO. We have reached a pragmatic solution on the issue of transit through the Northwest passage. The issue of acid rain remains a challenge for us. This, as you said in Quebec City, Mr. President, is a problem that belongs to both of us. We must continue—and we shall—to work together for an equitable solution to this important challenge.

And so, we have a good deal to discuss together and with our officials. I look forward to my lunch today with Secretary Shultz, as well as my meetings with the congressional leadership and, in a special way, my meetings with the Vice President.

I want to thank you again for the warmth and genuineness of your welcome. Mila and I are delighted to be with you and Nancy again. And if I may conclude, Mr. President, I will be concluding with a remark that you made to me in Quebec City when you

were leaving, as you observed Nancy and Mila getting out of their car to come and join us. And you took one look at it, and you said to me, "Brian, well, for two Irishmen, we certainly married up." [Laughter]

Thank you, Mr. President.

¹Made on the South Portico of the White House where Prime Minister Mulroney was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of May 2, 1988).■

U.S.-Canada Relations

Background

The relationship between Canada and the United States is both productive and complex—more so than our ties to any other country. We each play a distinct but compatible role in world affairs, and our security interests are inextricable. We are each other's most important economic partner. With two countries as interdependent as ours, occasional differences naturally arise, but Prime Minister Mulroney and President Reagan have placed a high priority on maintaining the good relations that now exist.

In September 1984, the two agreed to meet annually (this year, April 27–28 in Washington) to cover bilateral and global concerns, and Cabinet officers were encouraged to talk frequently with their counterparts. Secretary Shultz meets at least four times a year with Canadian Secretary of State for External Affairs Joe Clark.

Earlier Summits

In March 1985, the President met with Prime Minister at Quebec City. They signed a number of important documents, including declarations on international security and trade relations; agreed on the modernization of North American air defenses; and exchanged ratifications on a Pacific Rim Treaty. They also agreed to appoint special envoys to examine the acid rain issue.

During their March 1986 meeting in Washington, the President and Prime Minister signed a 5-year renewal of the North American Aerospace Defense (NORAD) Agreement and committed themselves to implementing the acid

The April 1987 summit in Ottawa underlined the importance the two leaders attached to their bilateral trade initiative, focused on the Arctic sovereignty issue, and reviewed environmental concerns.

Global Interests

Canada and the United States are founding members of the United Nations and the North Atlantic Treaty Organization (NATO). Both are active in international affairs and consult extensively on development assistance, arms control efforts, and peacekeeping issues.

Security Relations

In addition to being NATO allies, the United States and Canada maintain the joint NORAD Command. A unique arrangement to develop and procure defense goods also exists. Our security relationship is coordinated by the Permanent Joint Board on Defense.

Economic Relations

The volume of U.S.-Canadian trade has tripled, from \$39 billion in 1974 to more than \$125 billion in 1987, accounting for about 22% of total U.S. trade and more than 75% of Canada's exports. Our exports to Canada amount to one-and-one-half times the total exported to Japan, our next largest customer.

Canada is also our largest investment partner. In 1987 U.S. investment in Canada totaled about \$57 billion, 20% of U.S. investment abroad. Canada's private direct investment in the United States amounted to about \$20 billion.

The duty-free bilateral trade in vehicles and parts we share with Canada was established under a 1965 agreement. The total exchange for automotive products in 1987 was about \$45 billion.

The United States and Canada have the world's largest bilateral trading relationship, and it is now to be dramatically strengthened. On January 2, 1988, the President and Prime Minister signed a historic free trade agreement that Congress and the Canadian Parliament must now approve. Over 10 years, it will remove all tariffs; remove virtually all import and export restrictions; reduce or eliminate many non-tariff barriers; resolve many longstanding bilateral irritants; establish an effective trade dispute settlement mechanism; and liberalize trade in several areas, including agriculture, autos, energy, financial services, and government procurement. By applying binding rules to guide trade in services and setting agreed rules to govern bilateral investment activity, the free trade agreement breaks new ground.

Energy

At the 1985 Quebec summit, both countries declared their intention to strengthen their market approach to bilateral energy trade. Since then Canada has removed certain legislative and regulatory measures that discriminated unfairly against U.S. and other foreign investors, while the United States has continued to deregulate its energy markets. Canada is by far our largest supplier of imported energy—oil, uranium, natural gas, and electricity—and this relationship will be made secure under the free trade agreement.

During 1987 Canada also was the largest market for U.S. coal exports. The total value of two-way energy trade has grown to \$9.3 billion.

Environment

Canada and the United States both desire to protect the North American environment. Environmental cooperation has a long history; the joint cleanup of the Great Lakes following a U.S.-Canada agreement in 1972 is a recent success story. Canadian controls on air pollution and toxic chemicals generally have been less stringent than U.S. regulations, although the Canadian Government has moved to tighten some standards.

An important bilateral issue is acid rain, a form of transboundary air pollution that Canadians fear threatens their forests and freshwater streams; they have proposed that both countries begin soon to reduce the emissions believed responsible. Canada has initiated a program to reduce its sulfur dioxide emissions 50% by 1994. The United States is continuing to reduce emissions under current laws while devoting large sums to intensive research and pilot demonstration projects, as part of a multi-year, \$5-billion joint Federal-private industry program. The special envoys' joint report on acid rain has been completed and is being implemented.

Maritime Boundary and Fisheries

In October 1984, the International Court of Justice, at the request of the United States and Canada, ruled on the disputed boundary in the Gulf of Maine. The ruling settled the boundary, which gave Canada jurisdiction over about one-sixth of the rich Georges Bank fishing grounds.

With the signature of the Arctic Cooperation Agreement in January 1988, the United States and Canada solved their dispute concerning the waters off the Canadian Arctic Islands. Canada claims these waters are internal, a claim the United States does not recognize. The agreement will permit the United States and Canada to increase their cooperation in the Arctic without prejudicing the legal position of either country.

Taken from the GIST series of April 1988, published by the Bureau of Public Affairs, Department of State. Editor: Harriet Culley. ■

U.S.-Canada Free Trade Agreement

On January 2, 1988, President Reagan and Prime Minister Mulroney of Canada signed the U.S.-Canada Free Trade Agreement (FTA). This historic agreement represents the culmination of efforts stretching back more than 100 years. When approved by the U.S. Congress and the Canadian Parliament, it will strengthen an already extensive trading relationship and will enhance economic opportunity on both sides of our common border.

Each year the United States and Canada exchange more goods and services than any two countries in the world. Bilateral trade in goods and services exceeded \$166 billion in 1987. The elimination of tariffs and most other barriers to trade between the two countries under the FTA will increase economic growth, lower prices, expand employment, and enhance the competitiveness of both countries in the world marketplace.

While the FTA does not eliminate all trade problems between the United States and Canada, it does provide a consultative framework in which these problems can be managed before they create serious economic and political frictions. Predictably in the years ahead, industries in both the United States and Canada can expect to undergo some structural readjustment to adapt to changing market conditions. However, freer, less restricted trade permitted by the FTA will spur both the American and Canadian economies to higher growth rates, increased efficiency, and improved competitiveness with other trading partners.

The FTA is fully consistent with U.S. and Canadian obligations under the General Agreement on Tariffs and Trade (GATT). It does not lessen commitments to achieve multilateral trade liberalization. Rather, it establishes useful precedents for such negotiations and encourages worldwide trade liberalization.

The GATT system has served trading nations well for 40 years. However, this global system has traditionally been restricted to trade in goods. Services and investment have become increasingly important aspects of international economic activity, however, and the United States and Canada are working together in the ongoing Uruguay Round of multilateral trade talks to expand GATT coverage to in-

clude investment and services. Ratification of the FTA this year is important in providing needed impetus to these negotiations.

The FTA and implementing legislation must be approved by the U.S. Congress, which under "fast track" procedures has 90 legislative days for consideration; amendments are not permitted. The Administration agreed on February 17, 1988, to work with the appropriate congressional committee in drafting the implementing legislation and not to submit the bill until after June 1, 1988. In turn, the congressional leadership agreed to vote on the bill during its current session.

In Canada, entry into an international agreement is exclusively a power of the Prime Minister and Cabinet. Parliament only approves the implementing legislation. The parliamentary system which ensures party discipline in the House of Commons, should lead to passage of the FTA bill. Although the Senate, which is controlled by the opposition, also must approve the bill, it appears to be significant support for it in that body. Article 103 of the FTA obligates Canada to ensure that the needed changes to provincial laws and regulations are made. Prime Minister Mulroney has stated that Canada will implement the agreement, as scheduled, on January 1, 1989.

Assuming that the U.S. Congress and the Canadian Parliament approve the FTA during 1988, the agreement will enter into force on January 1, 1989. The two governments will then establish a joint Canada-U.S. Trade Commission to oversee its implementation. A secretariat in each capital (Washington, D.C., and Ottawa) will be the principal government office responsible for that country's implementation of the agreement. In the United States, government agencies will continue to seek the views of business and industry as the FTA is implemented, including possible expansion of the agreement's scope.

SUMMARY OF KEY PROVISION

The agreement contains provisions covering virtually every traded sector. The following is a synopsis of these provisions.

Management of Trade

Tariffs: Eliminates all tariffs on U.S. and Canadian goods by 1998. Some tariffs will be removed immediately (January 1, 1989, if agreement approved in 1988), while the others will be phased out over 5-10 years.

Rule of Origin: Rules of origin determine goods eligible for FTA treatment and to prevent "free riding." Goods wholly produced in the United States or Canada qualify for FTA treatment. Goods containing imported components qualify if sufficiently transformed to change tariff classification. In some cases there is an additional requirement that 50% of cost of manufacturing be in the United States or Canada.

Customs: Ends customs user fees for goods and most duty drawback programs (in which importers have duty credited) by 1994 for bilateral trade; ends duty waivers linked to performance requirements by 1998 (except for the Auto Pact).

Quotas: Eliminates import and export quotas unless consistent with the GATT or explicitly grandfathered (allowed to remain in place) by the FTA.

National Treatment: Reaffirms GATT principle preventing discrimination against imported goods.

Standards: Prohibits use of product standards as a trade barrier and provides for national treatment of testing labs and certifications bodies.

Emergency Action: Allows temporary import restrictions to protect domestic industries harmed by increased exports from the other country in limited circumstances.

Agriculture and Industry

Agriculture: Eliminates all bilateral tariffs and export subsidies and limits or eliminates quantitative restrictions on some agricultural products, including meat. Eliminates Canadian export licenses for wheat, oats, and barley when U.S. crop price supports are equal to or less than those in Canada. Increases Canadian poultry and egg import quotas. For 20 years, allows tariffs on fruits and vegetables to be imposed to protect the domestic market if prices fall below the 5-year average.

Energy: Prohibits most import and export restrictions on energy goods, including minimum export prices. Requires any export quotas designed to enforce either short supply or conservation measures to ensure continuation of the historical proportionate share of resources. Provides for Alaskan oil exports of up to 50,000 barrels per day to Canada under certain conditions.

Autos: Replaces eligibility rule for duty-free Auto Pact imports into the United States with tougher FTA rule of origin. (Most auto trade already is duty free under the 1965 U.S.-Canada Auto Pact.) FTA continues Auto Pact and programs allowing pact-qualified companies to import duty free into Canada but does not allow new firms to qualify for pact membership. Permits U.S. auto and parts exports that meet the FTA rule to enter Canada at FTA tariff rates, which will be reduced to zero by 1998. Ends by 1996 Canadian non-Auto Pact production-based duty remission programs (under which producers pay less duty for automotive imports into Canada for meeting Canadian production requirements) and export-based programs by 1998 (those based on exports to the United States will be ended on January 1, 1989).

Wine and Distilled Spirits: Removes most discriminatory pricing and listing practices against wine or spirits imported from the other country. Prohibits new restrictions on beer.

Softwood Lumber: Preserves the 1986 Memorandum of Understanding with Canada on lumber pricing practices of Canadian provinces.

Cultural Industries: Exempts industries such as publishing, broadcasting, and films. However, if this exemption results in practices that restrain trade (otherwise inconsistent with the FTA), the injured party may take measures of equivalent commercial effect without resort to dispute settlement.

Services

Government Procurement: Expands the size of federal government procurement markets open to competitive bidding by suppliers from the other country.

Services: Commits governments not to discriminate against covered service providers of the other country when making future laws or regulations (transportation services are excluded).

Business Travel: Facilitates cross-border travel for business visitors—investors, traders, professionals, or executives transferred within the company.

Investment and Financial Services

Investment: Provides national treatment for establishment, acquisition, sale, conduct, and operation of businesses (exempts transportation). Commits Canada to end review of indirect acquisitions by U.S. companies and raises the threshold for review of direct acquisitions in most sectors to C\$150 million (constant 1992 Canadian dollars). Bans imposition of most performance requirements (i.e., local content, export, import substitution, and local sourcing requirements) imposed on foreign investments.

Financial Services: Exempts U.S. bank subsidiaries from Canada's 16% ceiling on Canadian domestic banking assets allowed to be held by foreign banks. Ends Canada's foreign ownership restriction on U.S. purchases of shares in federally regulated financial institutions. Assumes that reviews of U.S. firms' applications for entry into Canadian financial markets will be on the same basis as Canadian firms' applications. Permits banks in the United States to underwrite and deal in debt securities fully backed by the Government of Canada or Canadian political subdivisions.

Resolving Disputes

General Dispute Settlement (except for cultural industries—publishing, broadcasting, film, etc.—financial services, countervailing duty, and antidumping cases): Establishes a binational commission to resolve disagreements; allows for arbitration if the parties desire.

Dispute Settlement for Countervailing Duty and Antidumping Cases: Countries will continue to apply existing national laws, but court review of administrative agency determinations in either country will be replaced by a binational panel. The panel will apply the same standard and scope of review as would the relevant court.

QUESTIONS ABOUT THE FTA

The following are frequently asked questions about how the FTA is expected to operate and how it might affect various sectors of the U.S. economy.

General

Q: Does the United States have a free trade agreement with countries other than Canada?

A: The United States has a less comprehensive free trade agreement with Israel.

Q: What other free trade agreements is the Administration planning?

A: The Administration has no plan at this time to negotiate other free trade agreements. If the Administration were to consider negotiating another agreement, it would need to consult with and seek special authority from the Congress.

Q: Why is the United States planning to eliminate its duties on such sensitive products as textiles and apparel, lead, zinc, and certain fish products, etc., when these industries are in economic distress.

A: Both countries agreed to eliminate duties on all products, including sensitive ones. Canada also must eliminate duties on sensitive products. The total elimination of tariffs between the United States and Canada is the only way to achieve the widest trade liberalization possible in goods and services. However, recognizing the sensitivity of certain industrial sectors in both countries, the FTA provides for a 10-year phase-out period for duty elimination—the maximum period of time permissible under the agreement.

Q: What does the United States gain from the FTA's services provisions?

A: The United States gains three important benefits because the FTA:

- Ensures that the U.S.-Canadian market, already substantially open in services trade, will become more open through the prospective establishment of national treatment;
- Establishes a mechanism to resolve trade disputes for scores of service sectors and creates a forum for bringing other sectors into the FTA; and

- Provides a useful precedent for ongoing negotiations in the Uruguay multilateral trade round.

Agriculture

Q: Will the FTA impair Congress' ability to change domestic support programs?

A: The agreement will not affect the ability of either country to change domestic support programs for agricultural products. Of course, the programs would need to be consistent with the other provisions of the agreement regarding such matters as import duties and export subsidies.

Q: Has the United States given up protection from unfair import competition under Section 22 of the Agriculture Adjustment Act and corresponding GATT protection?

A: Both countries reserve the right to impose or reimpose import restrictions on a particular grain (specifically wheat, oats, barley, rye, corn, triticale, and sorghum) if imports increase significantly as a result of a substantial change in either country's support programs for that grain. The United States may use section 22 when there is (1) a significant increase in imports resulting from (2) a substantial change in the price support programs of either country and (3) provided the conditions of section 22 are otherwise met. Past trade patterns are not likely to be affected by the elimination of the small U.S. duties on grain from Canada. It is not expected that U.S. imports of Canadian grain will increase significantly as a result of the removal of trade restrictions by the FTA.

Q: How will the FTA affect trade in wheat?

A: Canada has agreed to eliminate import licenses for U.S. wheat, barley, oats, and their products when U.S. Government support for the particular grain is equal to or less than that of Canada. Each country will calculate its own support level in accordance with the agreement; it contains a mechanism to resolve any disagreement over calculations. The elimination of import licenses will provide improved mutual access to respective markets for both grains and processed products containing grains.

Auto Trade

Q: Why didn't the United States renegotiate the 1965 Auto Pact to move its inequities, such as Canadian performance requirements (local content, etc.) and multilateral source incentives?

A: Automotive trade was one of the most difficult issues in the FTA negotiations. The Auto Pact, under which most auto trade has been conducted for over 20 years, essentially provides for duty-free trade in automotive goods between Canada and the United States if certain content requirements are met. In addition, Canada has duty remission (waiver) programs based on meeting certain performance requirements. The FTA leaves the Auto Pact in place if it limits eligible firms for duty-free entry into Canada to a specified list. Furthermore, Canada agreed to restrict benefits such as duty remission programs based on production in Canada for non-pact members to a limited number of firms. These programs will terminate by 1996. Programs which tie benefits to exports to the United States will terminate on January 1, 1989.

Q: Why didn't the FTA require a 60% direct cost of processing rule for autos to increase the benefits to U.S. industry and labor?

A: U.S. negotiators explored the possibility of moving to a 60% North American rule. The Canadians, however, were concerned that this would be too restrictive for new foreign automotive manufacturing subsidiaries that recently have invested in Canadian operations. The FTA did, however, toughen the Auto Pact's 50% rule origin for entry into the United States by basing it on manufacturing cost instead of value added, as is customary in the case. Profits and costs, such as advertising and administrative overhead, will no longer count toward the 50%.

Q: Under the FTA, the Canadian production-based duty remission (waiver) schemes are not eliminated until January 1, 1996, but in the meantime they continue to distort trade. Shouldn't they be eliminated immediately or be subject to GATT challenge?

A: No, we have achieved an equitable, but not perfect, solution to the unfair Canadian trade practice. U.S. industry still may challenge Canadian

performance requirements under U.S. law if their continuation under the FTA would reasonably burdens or restricts U.S. commerce or materially injures U.S. industry.

Cultural Industries

Q: Why aren't cultural industries included in the FTA?

A: The United States is sensitive to Canadian interests in fostering its distinct cultural heritage. Therefore, certain cultural industries are exempt from the FTA provisions. These include publication, sale, distribution, or exhibition of books, magazines, and newspapers; film and video recordings; audio or video music recordings; and radio, television, and cable dissemination.

However, the FTA recognizes that Canadian cultural policies should not constitute a discriminatory barrier to trade. For example, the FTA includes the elimination of tariffs on video records, and printed material, improved investment provisions for sale of cultural industries, and copyright protection for the retransmission of commercial broadcasts. Furthermore, the United States retains the right to rebalance concessions with measures of equivalent effect if future cultural policies are detrimental to our commercial interests. The agreement does not require invocation of its dispute settlement provisions in order to take such countermeasures.

Q: Doesn't the cultural exception adversely affect U.S. firms?

A: No, the FTA improves Canadian treatment of U.S. commercial interests in the cultural area. It provides for tariff elimination (e.g., on videos, records, printed material), improved provisions for sale of cultural industries, and copyright protection for broadcast retransmissions. In addition, the FTA allows the United States to take measures of equivalent commercial effect in the event that Canada enacts additional restrictions which impair U.S. access to the Canadian market. This right should serve as a disincentive to the use of the cultural exception for measures that, although nominally cultural, have significant commercial effects.

Q: How is border broadcasting protected by the FTA?

A: The FTA will remedy the problem of unauthorized and uncompensated transmission by Canadian cable systems of copyrighted television pro-

grams. By January 1, 1990, Canada will need to provide a right of remuneration (royalty) to the copyright holder for the simultaneous and unaltered retransmission of copyrighted programming. In addition, the FTA generally prohibits the nonsimultaneous or altered retransmission of copyrighted programming except with permission of the copyright holder.

Energy

Q: How will the FTA improve our energy security?

A: The FTA will provide the United States with more secure access to Canadian energy supplies to meet our long-term energy needs. This access to secure Canadian resources is important to reduce our dependence on OPEC supplies. The Canadians have agreed that, even in the event of a supply disruption, they will continue to provide the United States with its historically proportionate share of their energy supplies. Furthermore, the Canadians have agreed that they will not discriminate against U.S. consumers in the pricing of their energy resources, ensuring that U.S. consumers will not be cut off suddenly in the event of shortages.

Q: What barriers to energy trade will be removed by the FTA?

A: There are virtually no barriers today in our bilateral energy trade. However, in order to preserve gains we have made, both sides agreed to prohibit restrictions on imports or exports in terms of supply, price, or taxes. Neither country may impose any taxes, duties, or charges on imported or exported goods that also are not imposed in equal quantities on the same products for domestic use.

Neither country may discriminate against suppliers or consumers in the other country, relative to its own domestic suppliers or consumers, in the pricing of energy supplies. (For example, under current Canadian regulations, exporters of Canadian electricity may not charge a price for that electricity which is significantly less than the least cost energy alternative available to their U.S. customers. Canadian regulations have, in the past, required that the minimum price for oil and gas exports be higher than the prevailing price to Canadian consumers. These practices will be eliminated under the FTA.)

Q: What impact will the FTA have on U.S. oil and gas producers?

A: The agreement is not expected to have any direct effect on U.S. oil and gas producers, large or small. The FTA should not change the level of Canadian exports of oil or gas, since the Canadians are not currently restraining export levels or discriminating against U.S. consumers in the pricing of their exports. The United States, in turn, is not restricting imports.

Financial Services

Q: How does the agreement affect U.S. commercial banks?

A: The FTA will remove current limits on growth, capital, and market share in Canada. Specifically, U.S. banks will be exempt from the 16% ceiling on domestic assets of all foreign banks in Canada, as well as the individual capital limits used to implement the ceiling.

Q: How does the FTA affect U.S. insurance companies?

A: They will have the same rights as Canadian insurance companies to diversify in the federally regulated financial sector. They can either establish or acquire a closely held bank, an insurance or a trust company. As a result of Ontario provincial reforms, they also will be able to acquire Canadian securities firms. (Ontario is the center of Canada's securities industry.)

Q: How are securities firms affected?

A: As a result of the FTA, U.S. securities firms are granted access to Canada and will, for the first time, be able to diversify their activities in Canada by affiliating with insurance companies, trust and loan companies, or closely held commercial banks. Through a financial holding company, they can enter these new areas of business either as new companies or by acquiring an existing firm.

Prior to this agreement, U.S. securities firms established in Canada were not primary distributors of Canadian Government paper or money market funds. The FTA assures that their applications to engage in these activities will be considered on an equal basis with Canadian firms.

Q: Is the FTA consistent with the principles of the Glass-Steagall Act?

A: The FTA is fully consistent with the Glass-Steagall Act but broadens its application to allow Canadian (and

other) banks in the United States to underwrite and deal in debt obligations fully backed by the Canadian Government and its political subdivisions (the vast majority of current business of Canadian securities firms). This conforms with the existing ability of banks in the United States to underwrite and deal in securities of the U.S. Government and its political subdivisions, now permitted under the act. In addition, any future Glass-Steagall liberalization would automatically apply to Canadian, as well as to U.S., financial institutions.

Trade Remedies

Q: Does the FTA change U.S. antidumping and countervailing duty laws?

A: No, the FTA preserves the rights of U.S. companies to obtain relief from injurious dumping and government subsidies under such laws. It creates a procedure under which binational panels, substituting for national courts, will review determinations in U.S. or Canadian cases on products of the other country.

Q: Is it constitutional to have a binational panel—instead of U.S. courts—review antidumping and countervailing duty determinations?

A: There is no constitutional right to have a federal court hear an appeal of administrative decisions in such cases. The Congress has the power to prescribe or limit the jurisdiction of federal courts; indeed, it was only in 1980 that the Congress, by statute, provided for the range of appeals to federal courts that are now available. Moreover, there is no constitutional right to import or to be subject to a particular tariff. Consequently, eliminating judicial review of determinations in cases against Canadian products does not raise due process problems.

Q: Why doesn't the FTA eliminate Canadian subsidies?

A: Although the negotiators attempted to achieve greater discipline over subsidies by both governments, there is little international consensus on what constitutes a subsidy. Both the United States and Canada continue to have subsidies. This issue will continue to be addressed over a 5- to 7-year period in bilateral negotiations. Our joint aim is to develop agreed discipline on government subsidies that will ensure fair trade within the FTA. ■

The "Budget Crunch" and the Foreign Service

by Ronald I. Spiers

Address during Foreign Service Day at the Department of State on May 6, 1988. Ambassador Spiers is Under Secretary for Management.

This is the fourth Foreign Service Day on which I have been asked to meet with you and review the major developments of the past year which have affected the Foreign Service of the United States, of which you have all been a part. I have always welcomed this opportunity. Your presence here bespeaks your continuing interest in the institution you have all served well and truly.

In a larger sense Foreign Service Day is an opportunity to pay our respects to the great traditions of American diplomatic history in practice and to those who have so recently been responsible for the conduct of our diplomacy. It is also an occasion to talk among ourselves about current policy and problems.

Foreign Affairs Budget

It will not surprise any of you that our major concern over the past year has been the financial resources which will be available for the conduct of U.S. foreign affairs. You will recall that at this time last year the budget situation for the Department was grim. We were preparing for a looming shortfall of at least \$84 million in our salaries and expenses appropriation, deep cuts in the foreign buildings program, and only two-thirds of the funds necessary to pay our contributions to the various international organizations to which we belong.

The November budget summit agreement gave us a 12th-hour stay of execution. Our budget was restored to a level that will enable us to meet current service requirements and fund a very limited amount of program growth, although we face grave difficulties in meeting our obligations to international organizations, and many stringencies in a range of programs.

As one colleague has observed, what we got was a reprieve and not a pardon. We face deep uncertainties with regard to the funds we will have for operations in the fiscal year that

begins this coming October. Even only 6 months before that date, we do not know within a range of perhaps \$100 million just what our shortfall will be. There are many variables to take into account: What will overseas inflation rates do to our requirements? What new emergencies will arise? What will place further demands on our resources? Will the Congress approve, disapprove, or alter the Administration's FY 1989 request? Will we have more exchange rate losses? Until we have clearer answers to these questions, we do not know whether we will face a \$35-million problem or a \$1-billion problem. This makes resource planning very difficult indeed.

Exchange rate losses have been devastating for the Department in the last 2 years. In this period the cost of running two of our largest Embassies—Tokyo and Bonn—has doubled. Every time the dollar drops one pfennig in value, our bills in the Federal Republic of Germany go up \$200,000.

What is beyond argument is that the Department of State will face increased resource constraints over a prolonged period ahead. Over the past decades, our resources have grown slowly but measurably. We are now at the end of an era. It seems clear that the American public is determined to deal effectively with the budget deficit. That concern over the deficit is already affecting every branch and every part of the Federal budget. Given the cuts already made in domestic programs and the cuts about to be made in those programs and in the military, it is highly unlikely, in my view, that the American public or the Congress will allow the Department of State to escape the consequences of this determination. Therefore, I think that we face a temporary situation that can be dealt with by adjusting cuts here and there or by pushing programs off for a year or two. We face a protracted period of diminished resources, and we must accept the consequences of that fact.

Twenty-three years ago, I was Director of NATO Affairs and deeply involved in a debate which, for all I may still be going on, was it better to maintain a larger defensive force in Europe at the expense of war-fighting capability or to spend the money needed

provide ammunition and training necessary for effective military action if it meant a smaller force structure. I was one of those who felt that latter was the correct alternative. May I feel that the Department of State faces the same kind of strategic choice.

Accordingly, we have been looking carefully at both our Washington organization and the pattern of our representation overseas. I believe that it is possible to consolidate and streamline the Washington organization, reduce overlapping and duplication, and reverse the proliferation of new organizational entities. Overseas it is important to be carefully at where we maintain our posts and how we staff them. Our relatively dense network of consulates in Europe contribute to meeting our foreign policy interests and responsibilities. Nevertheless, many were established in the 1800s and early 1900s when transportation and communications facilities were not what they are today. Furthermore, requirements for posts constantly arise. Recently, for example, we have opened three posts in the South Pacific, with a fourth about to be launched. We have also established an embassy in Mongolia, and the opening of a second consulate in the Soviet Union is under active consideration. All of these take resources, and, as we have indicated, we are not just in a zero-sum game, we are in a minus zero-sum game. In a shrinking resource environment, prioritizing our functions has become more crucial and important than it has ever been before.

Nevertheless, there are strong vested interests against taking some of the steps that our resource constraints require. There are vested interests in maintaining bureaus and positions in Washington which might, if they were abolished, even increase our effectiveness. There are strong lobbies against closing posts overseas. Last year, Congress almost adopted provisions which would have penalized us heavily for closing overseas posts and which would have required us to establish a new under secretary for security, a new bureau for south asian affairs, and two new ambassadors at large. Proposals for additional geographic bureaus for the Caribbean and Eastern Europe are not far behind. Whatever the abstract merits of these organizational proposals, they would have imposed heavy personnel and financial requirements on us at a time our resources are being reduced. Thanks to help from a few of our friends in the

Congress, these proposals were struck in the final hour. They, nevertheless, continue to have advocates.

It is still far from clear how we will face the future resource situation. The slogan "cut things, not people" has a surface attraction, but the fact is that we have already cut too deeply into "things." We cannot continue to fall behind in the modernization of our communications facilities, our information-handling capabilities, our building and maintenance programs, and our professional training. If we continue on this road, the Department of State will become increasingly irrelevant. Our security program in 1989 will be limited to the funds it received in 1988. It will have to absorb price increases and thus we will be \$39 million short in the updating of our security programs, both personnel and counterintelligence, which has been a major objective of this Administration. Our building program received no new money in either 1988 or 1989. In fact, the appropriations that we expect for 1989 will not even cover the costs of routine maintenance of our 2,500 U.S.-owned properties abroad. What we have done in recent years to meet our budget challenge are things that we cannot keep doing: postponing maintenance and equipment purchases; cutting travel funds; cutting language training; cutting publication procurement; forcing embassies to take long staffing gaps, which mean that accumulated contacts, experience, and knowledge of one officer cannot be effectively handed on to a successor.

There are only two new programs in our 1989 budget. One is a request for \$7 million to permit us to assign American personnel to potentially sensitive jobs heretofore held by Foreign Service nationals (FSNs) in Eastern Europe. This program has been mandated by the Congress and strongly supported in the Department of State. The second new request is for \$30 million to begin construction of a new Foreign Service training center in Arlington Hall on 72 acres of land that the Congress decided to the Department for this purpose 2 years ago. This will give FSI [Foreign Service Institute] the first permanent home in its 64-year history and permit us to escape from the hot, crowded, noisy, inadequate quarters we now rent in Rosslyn. Our aim is to make FSI the world's best training establishment, worthy of the Foreign Service and the 35 other institutions it serves. Our ability to sustain the Department's leadership

role in foreign affairs will depend increasingly on our ability to equip ourselves with the highest level of knowledge and professional skills—especially in a period of declining resources. Furthermore, the General Services Administration estimates that this will save the American taxpayer—and the State Department budget—up to \$61 million in rental payments over the next 30 years.

Foreign Affairs Management

Especially in view of the need to live with fewer resources in coming years, there are many fundamental questions which I believe need to be looked at long and carefully as we move into the transitional period leading to a new administration. I believe we need a kind of a Hoover Commission look at how the foreign affairs function in the U.S. Government is organized. In my view the Secretary of State must become responsible for the planning of all foreign affairs (Function 150) funds. This account is now fragmented among many agencies, and there is no one coordinating authority recommending to the President how these funds should be allocated among competing foreign policy requirements.

There are also a number of other important management policy issues which need to be looked at, including:

- The desirability and practicability of reconsolidated foreign affairs responsibilities, now divided among USIA [United States Information Agency], the State Department, AID [Agency for International Development], and ACDA [Arms Control and Disarmament Agency];

- The need for a new mechanism within both the executive and legislative branches to permit comprehensive evaluation of how we spend our foreign affairs, intelligence, and international security dollars;

- How to achieve a more candid and cooperative relationship with the Congress, reversing the thrust toward organizational micromanagement and extensive earmarking;

- How a leaner and less layered structure of the Department might better serve the conduct of foreign policy;

- How to enhance chiefs of mission's ability to coordinate the activities of organizations over which they presently have only nominal control, including issues of staffing and the effective use of resources;

- Improving methods of cost allocation and cost recovery for services to the public: passports, visas, information services, licenses, etc., and to other

agencies of government for buildings and housing, administrative support, communications and security, and so on;

- Whether we should follow the example of the Department of Defense and others in adopting capital budgeting to ensure reliable funding for the construction and maintenance of our facilities abroad, which are currently valued at over \$10 billion;

- Whether we are inundating Washington with unassimilable quantities of information;

- How to control the staffing levels of our posts overseas, where 72% are non-State Department personnel;

- Whether all our posts overseas are necessary and whether they could be more austere staffed; and

- How can we improve the teaching and development of leadership, management, and organizational skills which do not come naturally to a service which encourages the solo performer, the writer of telegrams and memoranda, the individual virtuoso.

These are just a few of the issues which I believe our budget situation makes more compelling. A change in administration, before patterns are set and vested interests established, is possibly the only occasion in which this can be done.

We have been able to take a few steps which should be helpful in dealing with our future challenges. For example, we are in the process of establishing a Department regional center in Miami that will permit us to pull back some of our regional personnel now posted overseas at substantially greater expense. We now have 33 posts in our Special Embassy Program which should permit us to control and perhaps reduce staffing at our smaller missions and to maintain them on a more austere and less expensive basis. We are reducing modestly the number of deputy assistant secretaries which have proliferated unconsciously in recent years. I anticipate that we will be able to save some positions by reducing some overlapping of functions in Washington. We are setting up our own household effects storage facilities, which should save us some of the claims that we have had to pay as a result of many unsatisfactory experiences with commercial storage companies. Each of these will make a small contribution to our savings requirements. Since 65% of our salaries and expenses costs are personnel related, anything that permits us to reduce further the demand for people will help us toward living within our resources.

Secretary Shultz has labeled the budget problem as his number one foreign policy issue. I believe he is entirely correct. This issue will be one of the most challenging to be faced by those who will succeed us in handling responsibilities for the management of our foreign affairs.

Let me report on two other areas which have continued to preoccupy us in the past year: security and personnel.

Security

Some in the Foreign Service have questioned the resources that we have devoted in recent years to security. They fear that our embassies will be turned into fortresses; that our personnel will be inhibited from getting out and making contacts and doing their jobs; that we are diverting money and effort away from our primary function of diplomacy; that a "Big Brother Is Watching You" atmosphere will result from an overwhelming security apparatus.

I believe these concerns are misplaced. I believe we owe our people abroad a work and home environment that will provide security for them and their families and will protect our information against the determined intelligence efforts of adversaries. Our experience in Moscow has proved that this is no academic problem. The sad truth is that the threats we face—from terrorism on the one hand to espionage on the other—have become increasingly sophisticated and menacing. The Department simply cannot afford to remain indifferent and unconcerned in the face of this threat.

Although the Congress has not appropriated all that it has authorized and our security funds, as I indicated earlier, are likely to be frozen at their current level, we have made substantial improvements in our situation over the past year. Congress authorized a \$2.5-billion program based on the Inman panel's proposals in 1985. That same year, we established the Diplomatic Security Service and elevated its chief to the assistant secretary level.

Throughout, the State Department's security program has been at the top of the Secretary's personal list of priorities. Let me cite a few examples of what we have done in the areas of greatest need.

First, espionage—Our dependence on Soviet national employees in Moscow has been ended. After some initial problems in screening and sorting out

what kind of employees we need, we have a system there that seems to be working. We are well on our way to having a mission that is not only more secure but also better managed and more efficient. We are now going to apply those lessons to other posts in Eastern Europe. We expect to replace another 50-75 FSNs in other blocs by the end of this year.

In Eastern Europe, we are establishing core areas of the embassies where no one but cleared Americans will be allowed. Our aim is to have whole buildings where classified information is processed free from all foreign nationals or other uncleared personnel.

The typewriter bugging in Moscow led us to increased rigor in protecting our office equipment. The new Plain Text Processing facility—which was set up jointly with the CIA—allows tight control over the office equipment that may be subject to tampering, interception, chase, shipping, and maintenance—all handled by trained American personnel.

Construction security programs are in place at 14 new embassy construction sites and will be part of all future capital projects. The use of cleared Americans firms and personnel for the construction and protection of our buildings is essential if we are to avoid damaging, costly, and politically embarrassing security compromises like one that occurred in Moscow.

Second, counterintelligence—We have gotten help from the FBI with our counterintelligence (CI) program. The new chief of our CI office is on loan from the FBI. We also have a professional trainer from the Bureau to help us build up our own talent in this area.

Our CI program is oriented toward the protection of classified information, the compromise of which would be damaging to the national interest. At the heart of the program is greatly expanded training to make all employees more aware of and better able to deal with the sophisticated espionage techniques being deployed against us. As part of that training program, all personnel being assigned during the summer cycle to the bloc countries are required to attend a 1-week counterintelligence training program jointly sponsored by State and the CIA. In the field, chiefs of mission have established Counterintelligence Working Groups to focus attention on CI matters at a high level.

As part of the effort to heighten security awareness, we have also had the obligation to strengthen procedures granting individuals access to our nation's most sensitive, classified information. Consequently, we have increased the frequency with which security clearances are updated and taken steps to ensure that employees know and follow applicable regulations regarding security and conduct. We have instituted a more intensive use of counterintelligence debriefing and are developing a program for more careful screening of individuals selected for assignment.

Third, security standards—Last year we put out new physical and procedural security standards for the handling of classified information. Posts are being brought into compliance with these new standards. In the interim, we have had to reduce the level of classified material authorized at several posts and have temporarily withdrawn from a number of facilities the authority to store any classified material until new standards are met. This is a painful process for many posts in the short run. But in the long run, it will prove their ability to do their work—provided we expeditiously develop solutions to the problems that led to declassification. We can and must find ways of winning posts abroad to take full advantage of the dramatic advances in communications and informations systems technology—and of the cost savings inherent in these new technologies. As I said earlier, we simply cannot continue to fall behind others in these critical areas.

There are still controversial issues before us, and perhaps the most controversial of all is polygraphing. This is an issue in which the Secretary of State himself has taken a direct, strong, and highly principled position. There have been substantial pressures on the Department and directly on the Secretary to accede to the kind of lie detector screening which some advocate.

Recently, Secretary Shultz said before the Senate Appropriations Committee:

Congress' Office of Technology Assessment (OTA) found meaningful scientific evidence of polygraph validity only in the area of criminal investigations. Even these results ranged from 17% to 100% for correct guilty detections. But consider this striking fact. In screening situations where one in 1,000 may be guilty, OTA pointed out that even if one assumed that the polygraph is 99% accurate, the laws of probability indicate that one guilty person would be correctly identified as deceptive

but 10 persons would be incorrectly identified as deceptive (false positives). An accuracy rate of something less than 100% may be acceptable in attempting to forecast the weather. It should never be acceptable in matters affecting the reputations and the livelihoods of individuals.

As you know, the State Department authorization bill adopted last December contains a provision requiring the Department to establish procedures, modeled on those currently in force at the Department of Defense, for the use of the polygraph, specifically with respect to personnel of the Diplomatic Security Service. Importantly, these regulations still leave to the Secretary of State the authority to determine the exact circumstances under which polygraphs may be used, authority which President Reagan in signing the authorization bill reaffirmed.

Accordingly, the regulations drafted pursuant to that legislation would permit the Secretary to authorize lie detector testing under the following circumstances:

- During the course of a criminal, counterintelligence, or personnel security investigation after all other reasonable investigative steps have been taken;
- When an employee requests to take such a test for the purpose of exculpation;
- When a State Department employee volunteers to work in an intelligence agency that requires polygraph tests or volunteers to participate in certain special access programs—specifically designated by the Secretary—which involve joint programs with the intelligence community where the community requires a lie detector test. In each instance, a lie detector test can only be administered with the voluntary consent of the employee concerned.

Personnel

The final topic I want to touch on is personnel. In the past several years, I have reported to you on the travails and agonies that the Foreign Service has gone through in implementing and adjusting to the 1980 Foreign Service Act. I agree that this has been a very divisive factor within the Foreign Service, and I very much regret that fact.

So far we have lost many good officers as a result of the operation of both the 6-year window and of the Limited Career Extension (LCE) system. It is probably also true that many have left who should not have been continued in this very competitive service.

We have tried to be fair in managing it so that a disproportionate part of the burden falls neither on the members of the Senior Foreign Service (SFS) or on the Class 1 officers who have opted to open their promotion windows. The bottom line remains, however, that in an "up-or-out" system some will go "up" and some will go "out," and there can always be question about the equity of individual cases.

The system itself was mandated by the Congress of the United States with the support of the Department of State and of the Foreign Service, and it must be administered in accordance with the objectives of those who drafted and approved it. Since 1983, 155 senior officers have had to retire involuntarily because they did not receive LCEs; and since 1986, 81 FS-Is have had to retire involuntarily because they were not promoted within the 6-year window. We believe an unusual combination of circumstances contributed to the high loss of FS-I officers through the "6-year window" and that this problem will gradually abate as FS-Is recalculate their promotion prospects and adjust their window decisions accordingly. The Limited Career Extension procedure will no doubt continue to be the instrument through which the SFS will be kept competitive.

So far this morning, the message that I share with you has been fairly somber. But that is not the note I wish to leave with you today. On the contrary, what always gives me heart is our basic resource—and the resource that absorbs the greatest part of our budget—the people in the Foreign Service and Civil Service.

Their dedication has been recognized, in part, through the presentation of awards. I have reviewed many of these. They bear witness to the notable accomplishments of those people with whom we casually work every day and whose devotion we take for granted. These men and women should be proud of their accomplishments, and we should take pride in their sense of purpose. All have shown a strong commitment to public service, a disciplined approach to their work, and a will to continue. The quality of these award recipients mirrors the overall quality of the Foreign Service, and I remain confident that potential for leadership of the service is as good as ever.

I'd like to give you a brief report on how we stand as regards women and minorities. I believe we are making progress. Several years ago, I noted we had no career minority officers and few

Elections in Korea

by Gaston J. Sigur, Jr.

*Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on May 12, 1988. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.*¹

women in the key positions of deputy chief of mission, principal officer, deputy assistant secretary, or office director. We now have 29 minorities and 32 nonminority women in these positions, which are often principal stepping stones to chief of mission and assistant secretary. There are presently only five career minorities and eight career women in jobs at this level. Since we are a bottom entry system, these statistics should steadily improve in the future. Last year, 34% of our entering Foreign Service officers were women; 17% were minorities. I anticipate these statistics will hold up, and we will be on our way to achieving our objective of a more representative service, while we maintain our high competitive standards.

Family Liaison Office

Finally, I want to conclude by recognizing that this has been the 10th anniversary of one of the most important and fruitful organizational innovations I have seen during my 30-plus years in the Department: the establishment of the Family Liaison Office (FLO) in Washington and Community Liaison Offices (CLO) overseas. These have given us an unusually productive instrument for dealing with some of the most difficult problems of foreign service. In a real sense they are the equivalent of the kind of community support infrastructure we take for granted here at home. We are about to open our 144th CLO; only 24 of our embassies are still without them. These units are intimately involved with security, health, education, family evacuation, and community activity planning.

As you can appreciate, spouse employment in this era of two-career families is a major concern for the Foreign Service. Thanks to FLO, we now have reciprocal work arrangements with 66 countries and formal bilateral agreements with 22. A skills data bank has been launched and our posts can now know in advance what skills spouses are bringing to post and plan for the use of these skills rather than turning to outsiders. It is appropriate on this anniversary to pay tribute to the foresight of our colleagues of 10 years ago who initiated these changes.

This ends my review of our past year and my look at the problems which lie just ahead. I look forward to discussing these or any other issues you wish to pursue. ■

Thank you for the opportunity to discuss with you once again the very positive process of political change—of democratization—in the Republic of Korea. Thank you, too, for the support which you and your colleagues have given this process.

Our greatest congratulations go once again to the Korean people. Over the past year the Korean people have made things—very positive things—happen. They demanded the creation of a more open, democratic political process in order to settle important issues through dialogue and compromise in the chambers of government, rather than in the streets with rocks flying and the air polluted by tear gas. The Korean people are determined to create a political system with the vitality and stability to lead Korea's entry into the 21st century. We enthusiastically applaud their resolve and commend their remarkable achievements.

I would also like to congratulate all of the successful candidates in the recent election. The leaders of each of the major political parties have pledged to work together constructively to address the challenges their nation faces. We admire that spirit. Moreover, we look forward to working together with all of the Korean parties to strengthen our firm alliance, to promote the ongoing process of political change, and to resolve in mutually beneficial ways the occasionally thorny trade issues before us.

The April 26 National Assembly Election

The April 26 National Assembly election reaffirmed the Korean people's determination to continue the process of orderly political change. The main contestants—the Democratic Justice Party (DJP), the Peace and Democracy Party (PPD), the Reunification Democratic Party (RDP), and the New Democratic Republican Party (NDRP)—fought hard, just as they did in last fall's presi-

dential election. Over a thousand candidates ran in 224 districts. Candidates spoke openly and vigorously; the media covered the campaigns extensively.

The previous assembly contained two members per district. The new assembly law enacted earlier this year calls for single-member districts. This change created a heated winter-tale atmosphere during this election. There were some violent incidents. Also, some candidates apparently attempted to influence the voters through illegal or unethical means. Nevertheless, 75% of the eligible voters turned out to cast their votes for the men and women of their choice. The results attest to the Korean people again demonstrating their firm determination to make democracy work.

Frankly, the results surprised some observers. The government party has never before won less than a majority in the assembly, but failed to achieve one this time. The DJP did win the most votes among the parties and has the most seats. Its candidates received 34% of the popular vote and 25 of the 299 seats. The PPD swept the Dae Jung's home region in the Cholla Provinces and did well in Seoul, winning 19% of all votes and 70 seats. The PPD's success makes it the largest opposition party in the assembly. The RDP, led by Kim Young Sam, actually finished second in total votes with 23% but came up with only 59 seats, in part because the DJP and RDP split the vote in the Kyongsang Provinces (the southeast. President Roh comes from the Taegu area, and Pusan is Kim Young Sam's home base. Last but not least, former Prime Minister Kim Jong-Pil's NDRP did better than expected, drawing on its strength in Mr. Kim's home Chungcheong Province to win 15% of the vote for 35 seats. Many news organizations have commented on the potentially pivotal role of the NDRP, inasmuch as its 35 votes would produce a majority if combined with either the ruling party or with the two other opposition parties. Independent or minor party candidates won 10 seats, though one of these independent assemblymen plans to join the PPD.

Everyone realizes that the results of this election mark another major step in the democratization process. The old days when the government party could get its way any time it

President Roh has pledged to work with the new assembly and has led his party's leadership to facilitate that process. There are reports the government is considering another prisoner amnesty—we certainly think that is needed. All the parties have agreed to cooperate in the new assembly. Kim Dae Jung recently affirmed his personal commitment to dialogue and compromise, and pledged to work for successful Olympics in particular. Democratization is a process, as I stated previously. There is still much to be done. The new assembly will convene soon to organize. The opening session will provide all the parties their first opportunity to demonstrate their willingness to cooperate in a constructive manner the Korean people expect. The dynamics of Korean politics are changing rapidly. The new National Assembly consists mainly of members with no previous experience in legislative politics; members must adjust to the new situation and learn to cooperate in new ways. Clearly, Korea has progressed tremendously; Koreans nevertheless continue to push forward their country's political development. They will grapple with serious problems of governance—introduction of local autonomy, distribution of resources, priorities of economic development, and human rights, including women's rights. It is natural for any country to have to work to address these problems. The important point is that Korea's present government, including the new National Assembly, has committed itself to shaking off the authoritarian past and moving into a new democratic future. President Roh, with whom I met in early April, has committed himself publicly and often to such progress, as have the leaders of the opposition parties.

The road is new; there will be difficulties. Koreans will have to build this as they go. Making the necessary adjustments may cause considerable stress—that is only natural. But we believe that the election results show that Koreans want a government based on checks and balances—on cooperation rather than confrontation. We also believe that the actors in the political process understand that and are committed as the Korean people to making democratization work.

Implications for U.S.-Korean Relations

We heartily welcome the changes taking place in Korea. Korea's rapid progress in economic, social, and political development, won through the diligent efforts of its citizens, impresses us. The National Assembly election, together with the presidential election last year, constitute historic developments in Korea's political evolution. These events will produce far-reaching benefits for Korea as well as for our bilateral relations. Democratic government will be no easier in Korea than anywhere else. We recognize that the new, more open political environment in Korea may make dealing with some bilateral issues more complex in the short term. That is fine. We Americans have some experience in governments with executive and legislative branches controlled by rival parties. The cooperation and fundamental agreement that we are enjoying today, between this subcommittee of a Democrat-controlled Congress and myself as a representative of a Republican Administration, illustrates the point nicely. Shared democratic ideals will allow our friendship to grow even

warmer. Our alliance will remain firm. Bilateral trade, already large, should continue to expand. I am sure that you gentlemen here look forward, as I do, to the continued development of our relationship with our good friends and close allies in Korea.

Ten years ago, Korea faced an economic slump with democracy nowhere in sight. It would have been difficult to imagine choosing the country as an international showcase for anything. This year Korea will host the Summer Olympics in an atmosphere of openness and prosperity. All Koreans can justifiably take pride in their nation's achievements. As athletes and spectators from around the world prepare to gather in Korea for the Olympic Games, I cannot imagine a more fitting place for such a celebration of sport, peace, and human determination. That same spirit of determination—to set new goals, then surpass them—accounts in large measure for the accomplishments of the citizens of the Republic of Korea.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1989 Assistance Requests for East Asia and the Pacific

by Gaston J. Sigur, Jr.

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on March 30, 1988. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.¹

It is with great pleasure that I come before you this morning to discuss the Administration's policies in Asia and the Pacific and to request your support for much needed economic and military assistance to a handful of important developing nations in this region.

The past year was a benchmark year for American interests in Asia. Signs of democratic advancement were abundant. Transitions in leadership were managed successfully in the Republic of Korea, the People's Republic of China and Taiwan, and democratic institutions became more deeply rooted in Thailand. Korea's peaceable election and inauguration of President Roh Tae Woo is nothing short of remarkable and

demonstrates that nation's full emergence into the community of democratic and world class nations. In the Philippines, a democratic constitution was adopted and a new congress was elected and seated. Also in Southeast Asia, the members of ASEAN [Association of South East Asian Nations] celebrated the 20th anniversary of the founding of their organization at a summit in Manila.

Progress was also made in our relations with China. A series of high-level exchanges took place with the Chinese which carried with them agreements on a range of issues, economic and scientific, which are in the interests of both our peoples. The past year has also seen Japan increase her role in the region not only as the economic dynamo of Asia, but as the largest foreign aid donor as well.

Through the increased realization of democratic ideals in Asia, through the growth of trade among Asian nations and between Asian nations and

the United States, and through the improved and noticeable consumer lifestyles and distribution of wealth inside many of these countries, the United States can draw much hope that Asia's future is a bright one, one which, with continued wise action and assistance on our part, will enhance our future as well.

One of the most important objectives of the United States in this region is the maintenance of a stable, peaceful environment conducive to continued economic, political, and social progress. We hope to see the further emergence of more representative governments, more open markets and adoption of free trade principles, more consultations between allies and adversaries alike, and greater security through mutual confidence as well as a stable deterrence framework. To attain these goals, however, and to truly profit from the opportunities this vast, diverse region holds for us, it is going to be necessary for us to continue to demonstrate by our economic and security assistance that we are determined to be a part of Asia's future.

While this region enjoys fairly broad tranquility today, there is ample need for concrete action to resolve specific sources of tension. The Vietnamese occupation of Cambodia, a communist insurgency in the Philippines, a continued Soviet interest in asserting influence in the region, and residual problems of poverty are just a few reasons the United States needs to provide economic and security assistance to nations there.

While my colleagues Rich Armitage from Defense [Assistant Secretary for International Security Affairs Rich Armitage] and Julia Chang Bloch from AID [Agency for International Development] will join with me this morning in emphasizing the Administration's commitment to support of the Aquino government in the Philippines, I ask the committee to consider our requests for other countries in the region as well. On my visits to Asia over the last 2 years, I have always stressed the reliability of America's commitments and our intention to assist as much as we are able in the region's development.

For this reason, I am submitting in my testimony for the record a complete outline of our security and economic aid recommendations for 13 countries and three regional programs in East Asia and the Pacific. In toto, this assistance program amounts to \$442 million, or 3.7% of all U.S. bilateral and regional

assistance funding. A small amount compared to the return the United States receives on this investment in the continued friendship and cooperation of the dynamic nations of this important region.

Foreign aid has never been popular in this country, nor in the Congress. For as long as I can remember it has been the whipping boy, the hook on which we like to hang our traditional reluctance to play the role thrust upon us by our national wealth and power and the ideals we stand for. In submitting our request this year, however, I am concerned that unless these levels are met, we will be jeopardizing fundamental U.S. interests in the Asia-Pacific region. Failure to support our friends in this part of the world with the minimum assistance I am recommending will send signals to them to look elsewhere for support and provide the Soviet Union with a comparatively inexpensive way of expanding its influence.

I do not make this assertion lightly. There are plenty of positive reasons for dispensing foreign aid—economic and humanitarian. But we also provide it because of the direct impact it has upon the security and foreign policy interests of the United States. For all these reasons, I ask you to look favorably upon our request.

I would now like to review the individual country programs in greater detail.

Philippines

A stable, democratic, and prosperous Philippines, with friendly ties to and continued close security cooperation with the United States, is important to the peace and stability of Southeast Asia and to U.S. interests both within and outside the region. The Philippines are host to U.S. Air Force and Naval facilities that are important to the security of the United States, the Asia-Pacific region, and the Philippines in the face of an expanding Soviet presence. These military facilities are vital to U.S. power projection capability into the western Pacific and Indian Ocean-Southwest Asia regions and to protection of economically vital searoutes.

Our interests in the Philippines are much greater than the presence of U.S. military facilities, however. The U.S. Government has an important interest in assisting Filipinos consolidate political gains they have made over the past 2 years. The Philippine people can justifiably be proud of the peaceful transi-

tion to democracy in February 1986. We, on our part, are pleased that U.S. support was helpful at this critical juncture. As President Reagan declared in his November 1987 radio address to the Philippines "we have a moral obligation to help all democracies succeed. . . . We will work with President Aquino to build a safer home for democratic Philippines. Most of the responsibility belongs to the people of the Philippines, but we can and will lend a hand." I continue to be impressed by the progress the Aquino government has made in restoring democracy and by the depth of popular support for the government. President Aquino has asked for our assistance in helping promote economic recovery and defend democracy. We must do what we can to help.

The level of our security assistance commitment established in the President's "best efforts pledge" growing out of the 1983 review of the U.S. Philippine military bases agreement (MBA) provides the current floor for our assistance program. President Reagan pledged his "best efforts" to provide \$475 million in economic support funds (ESF) and \$425 million in military assistance grants and credits during the period FY (fiscal year) 1986-89.

While U.S. assistance programs will assist the Government of the Philippines in strengthening democratic and accelerating economic growth, the levels of foreign assistance funding that the Philippines envisioned in the President's best efforts pledge are insufficient to address adequately the enormous Philippine economic and security requirements. Over the past 2 years, the needs of the Aquino government for greater military and economic aid have led us to provide assistance beyond proportional levels necessary to fulfill the President's best efforts pledge and also to seek higher levels for FY 1989 than would be necessary to complete the ESF commitment. Our ESF request of \$124 million is less than ESF commitments in FY 1986 and FY 1987 of \$219.6 and \$250 million respectively at a time when Philippine political and economic needs remain.

In both FY 1986 and FY 1987 U.S. economic assistance, largely as budget support, was adequate to show a strong political commitment to the Aquino government and to ensure, in conjunction with generous debt rescheduling and international donor commitments, that the Government of the Philippines could meet its foreign currency financing needs while stimulating its eco-

U.S. economic assistance can continue to be an important element of resolution to the Philippines funding problems and ideally should grow rather than shrink as currently contemplated, but budget restrictions leave us no alternative.

Balanced, sustainable economic growth, which leads to greater employment and higher rural incomes is essential to combatting the widespread and persistent communist insurgency which represents the major threat to democracy in the Philippines. U.S. assistance programs play a vital role in helping the Philippine Government meet political and economic challenges to its authority. In order to counter the appeal of insurgents, the government must demonstrate that newly created democratic institutions represent a real change and that elected officials will be responsive to popular demands for essential services including health care, education, improved infrastructure as well as preservation of law and order and dispensation of justice.

Our economic assistance programs allow us to engage the Government of the Philippines in a useful policy dialogue which promotes Philippine economic reforms intended to produce sustained free-market-based growth. Government reforms such as import liberalization, privatization, and the breakup of monopolies contributed to over 5% economic growth in 1987 after years of decline. My distinguished colleague from AID, Julia Chang Bloch, has commented in more detail on the role of economic assistance in promoting Philippine development.

U.S. security assistance requests (\$10 million in MAP [military assistance programs] and \$2.6 million in IMET [international military education training program], while sufficient to meet only the highest priority AFP [Armed Forces of the Philippines] needs, are all that is possible, given our budget constraints. Security assistance resources are of critical importance to the Armed Forces of the Philippines. AFP resources are so limited that U.S. military assistance currently constitutes 83% of the AFP's operations, maintenance, and procurement budgets. Rich Armitage will comment on the positive effort our security assistance has on enhancing AFP capabilities.

I do have some final comments, however. The Administration's FY 1989 MAP request for the Philippines is the largest amount of the President's 5-year

best efforts pledge made at the conclusion of the 1983 review of the military base agreement. The U.S. Government's fulfillment of commitments made in previous negotiations is essential to maintaining consensus for continued unhampered access to military facilities in the Philippines by demonstrating U.S. reliability as a democratic partner and military ally.

Indonesia

Strategically placed astride vital air- and sealanes between the Pacific and Indian Oceans, Indonesia's continued political and economic stability is essential for U.S. interests in Asia. Indonesia is also an important source of valuable raw materials, especially oil and natural gas. Over the past two decades, the Soeharto government has managed an impressive economic development effort, maintained political stability, and played a constructive role in international affairs as a moderate non-aligned state. Indonesia is a leader in ASEAN's efforts to end the Vietnamese occupation of Cambodia.

The largest country in Southeast Asia and the fifth most populous, Indonesia is still relatively poor and heavily dependent on exports of petroleum and natural gas. In 1986, the collapse of oil prices precipitated Indonesia's worst economic reverse in two decades. External debt, exacerbated by changes in the yen-dollar rate, now stands at about \$43 billion, with a debt service ratio approaching 40%. The Indonesian Government's response to these external shocks has been impressive. Austerity budgets, prudent macroeconomic management, and major trade and industrial policy reforms have helped Indonesia, now expanding its non-energy exports at an annual 15% rate, through difficult years. Nonetheless, with an annual per capita income of about \$400 and 2 million new entrants into the labor force each year, Indonesia needs continued bilateral and multilateral foreign assistance to ensure continued economic development and domestic tranquility.

Our economic assistance for Indonesia consists of development assistance and food aid under PL 480 Title I and Title II. It is increasingly focused on a coordinated effort to improve long-term, sustainable employment and income-generating opportunities through means that promote efficiency and productivity. These include human resources development, primary health

care and family planning, agricultural productivity, and support for a more open and trade oriented economy. Decentralization and private sector involvement are key. Policy analysis and policy dialogue are strengthened through research and projects designed to test policy options for the Indonesian Government.

We have requested \$45 million in development assistance for FY 1989. These funds will support our traditional, ongoing economic development programs, as well as projects to encourage and reinforce Indonesia's commitment to economic and trade deregulation. Despite a minor drought, our \$10 million request for PL 480 Title I is only 30% of the FY 1987 program. Our \$8.1 million request for PL 480 Title II funds will support a variety of effective voluntary agency programs.

The security assistance program for FY 1989 includes \$1.9 million in IMET and \$10 million MAP, which is almost the same as the FY 1987 level. The Indonesian military has been compelled to swallow a disproportionate cut in an already austere national budget. MAP will help Indonesia to continue to purchase U.S. equipment, such as a limited number of F-16s. The Indonesian Armed Forces view our security cooperation as an important indication of our concern for the security needs of their country.

Faced with an austere budget climate, Indonesia's Armed Forces also appreciate and fully utilize the IMET program, which offers advanced and specialized training for Indonesian Armed Forces command and management personnel. Numerous senior Indonesian military officers have received U.S. training; the FY 1989 IMET funding request will permit as many as 250 younger military officers to have the same opportunity.

Thailand

Thailand, the only U.S. treaty ally on the Southeast Asian mainland, is also the front-line state resisting the Vietnamese occupation of Cambodia. The Thai coped admirably with a domestic but externally supported communist insurgency which threatened stability in the 1960s and 1970s. They must now restructure their military forces to face not only the indigenous armies of Laos and the Heng Samrin regime in Cambodia, but also the more than 150,000 Vietnamese forces in those countries.

Together, these armies significantly outnumber the Royal Thai Army, without considering the even larger and better equipped military units in Vietnam itself.

The threat to Thailand is real and immediate. In 1987, the Thai fought an intense series of bloody engagements to oust Vietnamese forces from Thai territory where Thailand, Laos, and Cambodia meet. This year, they have suffered hundreds of casualties as they fought to drive the army of communist Laos from positions in Thailand. While a cease-fire between Laos and Thailand is now in place, and there is hope that this situation can be resolved through negotiations, the recent battles Thailand has had to fight with foreign intruders is vivid evidence that Thailand's status as a front-line state is not simple rhetoric.

I think it important to remember that instability elsewhere in the region and the growth of Soviet military power in Asia—as exemplified by their base at Cam Ranh Bay—have increased the strategic importance of Thailand to the United States. Thailand's stability, independence, and territorial integrity are critical to the stability of Southeast Asia and to our strategic position westward into the Indian Ocean. However, as you know, we have been forced to reduce substantially—by more than half—our security assistance program in Thailand from the modest FY 1985 levels. It should come as no surprise for me to tell you that as security assistance funding has diminished, our influence relative to that of others has diminished as well. This trend does not bode well for our ability to defend our interests in the future.

Thailand shares with the United States a commitment to suppress narcotics trafficking. Like the United States, Thailand is a net importer of narcotics. It is also the main transit route for drugs produced in Laos and Burma, both major sources of opiates. The Royal Thai Government has deployed police, paramilitary, and even regular army units to assist in the eradication of crops, destruction of refineries, and interdiction of supply routes. By helping to modernize the communications and transportation capabilities of the Thai Armed Forces, the U.S. security assistance program also contributes directly to our efforts to combat the drug menace.

The tragedy that befell Laos, Cambodia, and South Vietnam when the communists won power on the battlefield continues and the tens of thou-

sands of Indochinese refugees who flee each year bear witness to the misery wreaked upon their homelands. Because of Thailand's proximity to Vietnam and its common borders with Laos and Cambodia, most of those who seek temporary shelter or first asylum do so in Thailand. On February 24th, I testified before the East Asia and Pacific Subcommittee of the House Foreign Affairs Committee on the current refugee situation in Thailand. I will not repeat that extensive presentation. I would, however, like to note briefly that the Royal Thai Government views this situation as one which poses a threat to Thai security, as an economic drain, but also as a problem which begs for a humanitarian response. By bolstering the resources of the Royal Thai Government as it copes with the problems of development, weak markets for many traditional commodities, and increasing protectionist sentiment toward its exports of manufactured goods, the U.S. security assistance program enhances the fragile ability of Thailand to sustain a generous first asylum policy.

Our funding for development assistance to Thailand has suffered much the same fate as our security assistance efforts. Once the largest source of development assistance, the United States now ranks ninth among donors to Thailand. To give you some idea of the disparity between the United States and others, Japan alone now accounts for about 40 times as much development assistance as the United States. Our modest program today is concentrated on areas where we have a comparative advantage *vis-a-vis* other donors and where we think we can play a catalytic role in initiating new programs. These areas include science and technology, rural industries and development, a sophisticated policy dialogue, and natural resources and environment. We also have requested ESF monies which help Thailand to offset the impact of refugee influxes on its borders with Laos and Cambodia.

Korea

As Korea continues its progress toward a more open, democratic society, the United States has a vital interest in assisting the efforts of the Republic of Korea to strengthen its own defense capabilities. In the process, we hope to help maintain peace and stability in Northeast Asia while providing a shield on the peninsula for continued Korean political and economic progress.

The United States and Korea have a continuing close and mutually beneficial security relationship. U.S. defense aid to the Republic helps to provide the deterrent shield against attack from well-armed and unpredictable North Korea. Recognizing Korea's economic progress, we ended in 1986 our funded program there; we continue an active IMET program and FMS [foreign military sales] cash-sales program, under which Korea continues to obtain much of the supplies and equipment for its continuing defense modernization.

The proposed FY 1989 security assistance program continues support for the modernization of Korea's defense capabilities. The upcoming decision on Korean FX advanced fighter aircraft, the largest single item under active consideration, features major American companies in the bidding. Korea will also continue to obtain munitions, supplies, and technological upgrades for its air, land, and sea systems. In addition, the IMET program in Korea stimulates better understanding within the Republic's military of U.S. military doctrine and traditions, including the role of the military in a democratic system. The program will further strengthen our important security and overall relationship.

Malaysia

Strategically located on the Malay Peninsula, Malaysia's continued political stability and economic development are essential to U.S. interests in Southeast Asia. Confronted with the Vietnamese occupation of Cambodia and a major Viet base at Cam Ranh Bay, Malaysia has been in the forefront of ASEAN's strategy to compel a withdrawal of Vietnamese forces from Cambodia and secure a negotiated settlement on the rights of the Cambodian people.

A stable parliamentary democracy in Malaysia is nonaligned, but staunchly anticommunist. Gradually emerging from its first economic recession since independence, Malaysia greatly appreciates U.S. security assistance, the only form of aid it now receives from the United States. Faced with continued austere defense budgets, the Malaysian Government is looking for ways to maximize the armed force's ability to utilize current equipment and manpower. The \$1.1 million IMET program we are requesting in FY 1989 will play an important role in helping the Malaysian Armed Forces meet the training needs as they adjust to a more conventional force structure and more sophisticated equipment.

rei

achieving independence in 1984, rei has strengthened cooperation with its ASEAN neighbors and the United States. U.S. Pacific Command activities, including visits by U.S. warships and military aircraft, have fostered military cooperation, an important dimension of our bilateral relations. For the first time, a \$50,000 IMET item for Brunei has been included in the FY 1989 foreign assistance request. A small IMET program will strengthen our military not only lowering overall costs of military training, but also encouraging Brunei to look to the United States for training and equipment.

Singapore

Singapore's location on the Straits of Malacca places it at a strategically important chokepoint for maritime traffic between the Pacific and Indian Oceans. Its modern and efficient harbors, airfields, and maintenance facilities have made it a valuable port of call for military ships and aircraft. The United States shares our concerns about Vietnamese expansionism and the Soviet presence in Southeast Asia. Singapore is a leader of ASEAN's efforts to compel Vietnam to draw its occupation forces from Cambodia and publicly supports the United States facilities in the Philippines. Singapore is a stable parliamentary democracy. Internationally, it pursues a balanced, but strongly anticommunist foreign policy. Its free-market policies have fostered rapid economic development. For many years the only U.S. foreign assistance to Singapore has been in the form of a modest IMET program. The \$50,000 we are requesting in FY 1989 this year will allow the Singapore defense forces to continue to meet key training needs and help solidify our military links with this important Southeast Asian democracy.

Cambodian Resistance

The modest assistance program for the noncommunist Cambodian resistance is a key element in our support for ASEAN's effort to compel Vietnam to accept a negotiated settlement in Cambodia and to return that country to the control of the Cambodian people. IMET is a key part of our approach in dealing with Vietnamese aggression has been a major factor in preserving the security of Thailand and the political and eco-

nomical stability of Southeast Asia. Moreover, even this low level of funding, supplemented by financial support from other countries, contributes to the ability of the Cambodian noncommunist to maintain their campaign against the Vietnamese and to stand up to the still powerful Khmer Rouge. Continued U.S. support is essential as the various parties involved in the conflict maneuver for political position in anticipation of possible negotiations.

The U.S. initiative to provide funds to the noncommunist resistance has been hailed by ASEAN and others as a positive measure of American support for efforts to reach a settlement to the Cambodian conflict. The money allocated is currently being used to provide nonlethal training and equipment to noncommunist resistance fighters.

Burma

Relations between the United States and Burma are the best that they have been in the Ne Win era. Burma's aging leaders will transfer power to a new generation by the turn of the century. The new leadership will likely come from the military, whose attitudes toward the United States are friendly but less informed than earlier as a result of a considerable period during which contact was quite limited. I should add that Burma follows a policy of genuine nonalignment. In fact, Burma, which was one of the founders of the non-aligned movement, left the nonaligned movement when it concluded the organization had strayed from its original principles and become too pro-Soviet.

Since independence in 1948, the Burmese Government has been battling myriad insurgent groups, most based on Burma's many ethnic minorities. Fighting between the Burma Army and the insurgents or among the insurgents themselves often spills over into Thailand and occasionally into China. Most of the insurgents, including the Burmese Communist Party, finance their operations through drug production and trafficking, and often possess more firepower than the Burma Army units which oppose them. It is not an exaggeration to say that some of these groups are little more than armed commercial drug dealers hiding behind alleged minority grievances. For its part, the Burmese Government has supported strongly U.S. narcotics goals, including initiating in 1985 an aerial

spraying program with U.S. support that has eradicated an increased area of poppy plantings each year of its existence.

Burma's ability to defeat the insurgents and narcotics traffickers is severely limited by the parlous state of the economy. Burma was recently accorded "least developed developing country" status by the United Nations, certifying it as among the poorest of the poor. Despite its economic difficulties, Burma is a land of rich potential. U.S. oil companies believe that Burma may possess some of the richest hydrocarbon reserves outside the Middle East and several have maintained an active dialogue with the Burmese Government aimed at cooperation in exploiting these resources.

Our very small IMET program is needed to help develop a Burmese military capable of effectively combatting the insurgencies and drug traffickers. Not only has U.S. military training contributed to a more effective Burmese military, IMET also has provided one of the principal avenues of contact between Burmese officers and the United States, in a relationship where such opportunities are still relatively few.

Our \$7 million dollar AID program is designed to assist the people of Burma by encouraging the government to move toward more pragmatic and effective economic policies. In the agricultural sector, our efforts focus on increased production of oilseeds, a staple in the Burmese diet and a food item which is in chronic shortage. In the realm of health, we have projects to improve primary health care and child survival services. We also have a training program that provides a growing number of Burmese with an opportunity to acquire needed technical skills in the United States, thereby also exposing them to the workings of a free enterprise system in a political democracy.

Recent developments such as the decontrol of rice prices and the freeing of trade in basic food crops mark the most significant change in Burmese economic policy in the last 25 years. We are encouraged by these developments and believe that a sustained effort on our part will help Burma realize its tremendous potential.

Fiji

The statutory hold on assistance under Section 513 of the FAA [Federal Avia-

tion Administration] has been successful in demonstrating U.S. support of democratic institutions. The Government of Fiji is aware of our keen interest in encouraging a process that will lead to the restoration of elections and a constitutional government with broadly based support. In view of recent developments in Fiji that indicate that the interim government is on a course leading to the restoration of constitutional government, we have begun consultations with the Congress to explore ways of restoring our economic assistance programs in Fiji. As we take this step we note that all of Fiji's traditional friends have restored economic assistance to that country. Further, the dislocation in Fiji's economy brought about by 12 months of political uncertainty has placed great strains on all of Fiji's institutions and its people. We intend to work with the appropriate committees in Congress to find a way to join with the other nations of the West in resuming economic assistance to Fiji.

When the hold on bilateral assistance is lifted and subsequently a decision is made to resume military assistance, our MAP and IMET programs are designed to enhance Fiji's ability to carry out internationally important peacekeeping responsibilities in the United Nations Interim Force in Lebanon (UNIFIL) and the Sinai Multinational Force and Observers (MFO). Specifically, our IMET program is geared to enhance Fiji's military skills for peacekeeping operations. More importantly, it provides exposure to U.S. military traditions, including the democratic concepts of the separation of political powers and the noninvolvement of the military in the political process.

Papua New Guinea

Papua New Guinea is the largest, most populous nation in the South Pacific region. A country of vast economic potential, it has a vigorous democratic, free enterprise tradition. The \$50,000 IMET program provides command and staff training to its national defense force at the highest levels as well as offering speciality courses in technical areas not otherwise available. These courses increase the overall effectiveness of the Papua New Guinea military and build strong bonds between our two countries.

Solomon Islands

The Solomon Islands play an increasingly influential role in regional and subregional (that is Melanesian) affairs, while occupying a strategic geographic position in the southwestern Pacific. The proposed \$30,000 IMET program will provide professional, managerial, and technical training for approximately three military personnel. A key element of the training is ordnance disposal skill which is especially important given the continued presence of unexploded World War II ordnance in and around the nation's capital.

Tonga

Tonga is one of our most steadfast friends in the South Pacific. Our IMET program allows us to provide needed assistance to a reliable friendly nation which actively supports a U.S. presence in the region and which has warmly welcomed visits from U.S. ships. At the same time, Tonga's participation in training exposes officers from other nations to the strong pro-U.S., anti-Soviet views of the Tongan defense force.

South Pacific Oceanographic Research

Aside from their fishery resources, the small island nations of the South Pacific have few resources. The oceanographic research program has been highly successful in terms of the data it has accumulated on off-shore minerals and hydrocarbons, and as a counter to Soviet efforts to establish a presence in the region through scientific exchange programs. The \$200,000 in ESF requested for FY 1989 will support the further development and skills of the regional marine research organization. Australia and New Zealand have also contributed to this effort and are expected to continue their roles.

South Pacific Regional Development Program

This fiscal year we are seeking \$4 million in development assistance and \$1 million in ESF for this program, a sum which we believe is the minimum we can safely invest in the development of this strategic one-eighth of the earth's surface. The development assistance portion of the program is aimed primarily at private sector growth, agriculture, health, and educa-

tion in 10 of the region's 11 independent or self-governing nations. The ESF funded portion of this program is designed to help the South Pacific region develop an indigenous, private-sector oriented fishing industry. The program is extremely popular in the region and accurately reflects local needs and capabilities. It also helps counter Soviet bloc efforts to use the region's interest in fishing as a means of expanding political and economic influence in the area.

South Pacific Tuna

Frustration with U.S. tuna policy threatened vital national security interests in the region and prompted island states to look at issues such as ship access and support for U.S. positions at international fora as means of expressing their discontent with the U.S. position. This resentment also afforded the Soviet Union a rare opportunity to embarrass the United States and expand its influence by offering financially attractive fisheries agreements to South Pacific nations.

The regional fisheries treaty addresses these problems by providing access for the U.S. fleet to the region's fisheries while compensating island states for the resource. The \$10 million ESF program developed in conjunction with the treaty provides economic assistance to the island nations participating in the treaty with the goal of strengthening the region's self-sufficiency and lowering its long-term dependence on foreign assistance. The program also helps counter aid efforts that are linked to the establishment of a permanent Soviet presence in the islands. FY 1989 will be the second year of this program.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Toward a Stronger International Economy

John C. Whitehead

Address before the Municipal Program on the Toronto Summit of the Future for International Studies in Toronto on April 21, 1988. Mr. Whitehead is Deputy Secretary of State.

In June 19, when the 14th economic summit convenes, the world's attention focuses on Canada for the second time this year. The similarities between the forthcoming events in Toronto and recent doings in Calgary are, however, few indeed. Economic summits are not only the beauty, but also the variety, of Olympic sport. In summits there are no clear "winners" and "losers," despite a sometimes vigorous competition of ideas. And I must tell you that not even the most charming of politicians or agile of government officials can hold a candle to the natural grace of an Elizabeth Manley.

Economic Summitry

The history of economic summitry began with the breakdown of the Bretton Woods system in 1971 and the first OPEC oil price and supply shocks in 1973. The curtain then went up on a new form of economic consultation—one that involved the highest elected officials of the world's foremost industrial nations.

In his impressive lecture of last November, Ambassador Gottlieb [Canadian Ambassador to the United States] told us the significance of Canada's participation in the economic summits, beginning with the second summit in 1975. He kindly mentioned the part played by the United States and Japan in encouraging this happy and appropriate development. As Ambassador Gottlieb described, "It confirmed, and in a sense validated, Canada's new position in the world."

Though the curtain was raised on economic summitry in the mid-1970s, the dialogue was being written and the seeds were being sown—even decades earlier. The playwrights were the voices of millions of the world's people—aided by intelligent economic policies that rewarded effort and encouraged growth. Between them they wrote the possible history's first global marketplace.

Yet, for the sake of perspective, let us begin even earlier than the postwar period. Indeed, let us venture back two centuries, to the time when Europeans were just beginning to lift themselves from the hardship of life in societies with traditional, precapitalist economies.

In one of his recent books, the historian Michael Novak reported that in 1795 four out of five French families devoted 90% of their incomes to buying bread—merely bread—to stay alive. Life expectancy in France in 1795 was 27.3 years for women and 23.4 for men.

Nor were French conditions—despite the revolution and the chaos that followed—dramatically different from the conditions found elsewhere in Europe. In the whole of Germany in 1800, fewer than 1,000 people had incomes as high as \$1,000. Such statistics are the more remarkable when one recalls that this was the level of prosperity on the world's most economically advanced continent.

In less than two centuries—a proverbial drop in the bucket in the course of human history—conditions have improved so dramatically that such pervasive poverty is today scarcely imaginable to people living in modern, advanced economies. What wrought this extraordinary improvement in living conditions? The answer is: two intellectual giant steps.

First, and most important, was the liberation of human initiative made possible by the idea that individuals could improve their conditions by their own efforts and by the growing realization on the part of governments that individuals had a right to the fruits of their labors; and

Second, there was the crucial understanding that when wealth was invested in economic enterprises—rather than, as had been the case, consumed in the purchase of luxury, sport, or trifles—more wealth might thereby be created.

This is what Walter Lippmann was referring to some years ago, when he wrote:

For the first time in human history, men had come upon a way of producing wealth in which the good fortune of others multiplied their own...for the first time men could conceive a social order in which the ancient moral aspiration for liberty, equality, and fraternity was consistent with the abolition of poverty and the increase of wealth.

Global Economic Integration

The increase of wealth—not only in financial terms but also in improvements in health, in life expectancy, and in the decline in infant and child mortality—has been greater in our own century than in any other. At the same time, particularly in recent decades, advances in economics, finance, and technology have caused the world's nations, and especially the most advanced of them, to become evermore integrated. We see evidence of this new reality everywhere we turn.

- Consider the tremendous expansion in world trade. Since 1950, the volume of world exports has increased ninefold, and the volume of world output has increased fivefold.

- Dramatic increases in international financial flows have accompanied this expansion of trade. Consider that the daily volume of foreign exchange transactions, at over \$1 trillion per day, is about the same as the annual budget of the U.S. Government.

- Consider, also, the growing international exchange of technology. It, too, is a mark of the extent to which national economies are increasingly integrated. Today over 40% of the students enrolled in engineering doctoral programs in the United States are foreign students, as are over two-thirds of the postdoctoral engineering students.

- And, as with technology, production and manufacturing now also spill over national borders. Consider, for example, that even "North American" General Motors automobiles consist of parts made in Brazil, Japan, Mexico, France, West Germany, Singapore, the United Kingdom, Italy, and Australia.

Economists have long asserted that an open international economic system accelerates economic growth. Open markets facilitate economies of scale and allow countries to specialize in fields in which they have the greatest relative advantage. Yet the most persuasive arguments for an open system arise not from abstract reasoning but from experience. Trade across borders and prosperity within borders are intimately linked.

The postwar successes of the United States, Canada, our West European allies, and Japan have not been lost on the rest of the world. In 1960, the combined gross national products of

the NATO countries exceeded those of the Warsaw Pact by some \$2.5 trillion (in 1986 dollars). By 1986, the gap had more than doubled, to \$5.5 trillion.

How was this made possible? The answer is clear to us—and, increasingly, to the leaders of Third World countries interested in economic development. The West European economies were relatively free to expand, while the ingenuity of the peoples of Eastern Europe and the Soviet Union were smothered by red tape, bureaucratic directives, and central plans.

Perhaps the most dramatic example of the success of market-based, open economies is the spectacular growth performance of the newly industrialized economies of Asia—Taiwan, South Korea, Hong Kong, and Singapore. During the past 25 years, this group has grown at a rate exceeding 10% per year in real terms.

Again, how did it happen? Despite their considerable differences in form of government, in defense commitments, and in their political economies, each of these economies shares two common traits. First, the governments have avoided the temptation to set prices themselves, thus permitting market-based allocation of their resources according to decentralized price signals. And second, they have maintained outward-looking development strategies based on the global marketplace. These four Asian economies are home to a mere 2% of the total population of the world's developing countries, and yet—as incredible as it sounds—they account for over half the manufactured goods exported by all the developing countries of the world.

Nikita Khrushchev used to predict that it would be in Asia that communism would win the world's masses. As it happens, it has been the success of Asia's newly industrialized countries that has dimmed the attraction of Marxist ideology. Many developing countries that adopted import-substitution policies and central planning in decades past have begun to rethink their approaches.

Perhaps the most dramatic changes are occurring in China. After nearly 30 years of seclusion, China has opened its borders to trade, investment, technology, and tourism. The Chinese economy has responded. From 1980 to 1986, it grew at a real rate of 8.6% per year.

Would that the story ended there. But it doesn't. For just as the weight of historical evidence is winning the intellectual battle for open markets, open market policies have come under attack in some of the world's most developed industrial countries. The large trade

imbalances of the 1980s have fueled rising concern about, and frustration with, the world trading system. Protectionist measures have gained support as a misguided remedy. And recently, in the United States, alarm over foreign investment has led to proposals to regulate, or even limit, such investment. Such proposals may be well intentioned, but they are woefully misguided. It would be tragic—truly tragic—if at this juncture the industrialized countries were to turn their backs on the open economic arrangements that have contributed so much to our well-being and lighted the way to future prosperity for the less developed nations.

Policymakers in our democracies face conflicts between the generalized benefits that accompany global economic integration and the interests of particular domestic constituencies. Furthermore, the integration of the world economy over the past 40 years has markedly increased the intensity of competition and forced structural changes with which it is sometimes quite difficult to cope. In such circumstances, policies that soothe powerful domestic interests by promoting isolationism and claiming to advance self-sufficiency have a natural but superficial attractiveness.

What our current situation requires, therefore, is genuine statesmanship: the overcoming of fragmenting forces of domestic interests for the greater good of our national and the world's economic well-being. That is a tall order. It means, in some cases, swimming against the tide of uninformed opinion.

But a return to economic nationalism must be avoided at all costs. How, then, might we avoid it?

GATT and Trade Liberalization

The United States and its trading partners are currently engaged in a wide range of activities to preserve and strengthen our open international economic arrangements. The most important effort involves the current Uruguay Round of multilateral trade negotiations, conducted by the General Agreement on Tariffs and Trade, or GATT.

GATT has played a major role in lowering the average tariff on manufactured goods among major countries from about 50% in the 1930s to roughly 5% today. But the popularity of trade agreements that are illegal under GATT rules, as well as the falling share of world trade conducted under GATT, have led some to conclude that GATT is not worth salvaging. Clearly, it does

not command the respect that other international organizations do, such as the World Bank and the International Monetary Fund.

So how can we revitalize GATT? First, we must improve its institutional framework. Perhaps most important, the existing consensual method of settling disputes should be replaced by a system that is decisive, expeditious and binding on the disputants.

Second, GATT needs a surveillance mechanism, to provide international scrutiny and discipline of member countries' trade policies. The surveillance function should, furthermore, include developing countries, which heretofore have been accorded "special and differential" treatment under GATT. It is essential that the developing countries, and especially the newly industrialized countries, begin to shoulder the responsibilities of membership in GATT.

In addition, the GATT framework must be extended to new areas, such as trade in services. In the past, GATT rules have been applied primarily to manufactured goods. Yet the arguments that support free trade in goods apply equally to services. Further liberalization of trade in services will promote free trade in goods, since the two are closely linked.

Although many developing countries initially opposed the inclusion of services in the Uruguay Round of GATT, it now seems likely that a deal on services can be negotiated. Seize the account for a growing share of many economies, in developing as well as developed countries. In Mexico, for example, services now account for about 40% of the gross national product. A number of developing countries have relaxed their opposition to a deal on services, upon realizing that many lesser developed countries enjoy comparative advantages in service sectors. The newly industrialized Asian countries, for example, are internationally competitive in such fields as shipping, financial services, and construction.

Agricultural trade is another area that must, at a minimum, be brought under normal GATT discipline. Many nations, particularly developed nations including the United States and Canada, have pursued farm policies that are inconsistent with liberalized trade in order to achieve other goals—such as income maintenance for farmers. Restrictive agricultural policies impose tremendous costs on consumers as taxpayers—costs that far exceed the gains to farmers. By some estimates, world gross national product could increase by at least \$40 billion annually if the major industrial countries were to even partially liberalize agricultural

World Trade Week, 1988

PROCLAMATION 5814, MAY 5, 1988¹

Setting aside a week in celebration of international trade is a fitting way to remind ourselves of the countless benefits of world trade for Americans and for people around the globe, and to remember that freedom is, and must be, an essential element in economic life—individual, national and international.

International trade can link individuals and nations alike by providing opportunities for the interchange of goods and services, the fruit of human talents that transcend boundaries of geography and culture. The key ingredient in every act of trade is freedom. Only freedom respects the inherent rights, dignity, conscience and worth of individuals; only freedom encourages individuals to develop their creative abilities to the fullest and to command fair return for their labor; and only freedom provides a rational and humane basis for economic decision-making. The freedom of exchange that is at the heart of every genuine economic transaction benefits all parties and builds competition, enterprise, prosperity, justice, cooperation and social well-being as people achieve economic success by finding their fellow man's unmet needs and filling them well.

Our country's prosperity likewise depends on our ability to identify needs and markets for goods and services and to meet them well. Our free market economy, our belief in free but fair trade on a global basis and the American people's ingenuity and ability all make our products among the world's most competitive—and we intend to keep it that way.

My Administration has worked to improve the climate for international trade by seeking a renaissance in American competitiveness. Last year, as American goods regained price competitiveness overseas, exports hit a record level; more than 407,000 manufacturing jobs were created; and employment surged with more Americans in the labor force than ever before. Exports spell opportunity for American business; thousands of U.S. firms have increased their profit margins by exporting, and thousands are beginning to discover their untapped potential to succeed in export markets. This year's World Trade

Week theme, "Export Now," champions the message that I have joined the Secretary of Commerce in sending and exemplifies America's winning spirit.

Foreign markets are now more open to American goods than in the past, but we have far to go in the quest to undo unfair restrictions on trade. We seek to encourage removal of foreign barriers to free trade, but we simultaneously work to discourage domestic protectionism—more accurately described as "destructionism," because it stifles progress and prosperity by preventing competition and economic transactions that people everywhere desire and need. We also reiterate the intention of the United States Government to ensure that our trade policies serve to reinforce our national security interests around the world. International trade policies and practices must promote the causes of freedom, human rights and economic growth everywhere.

World Trade Week is a truly appropriate time to remember the many benefits international trade has conferred on our country and to reflect on the many blessings the spread of economic freedom has brought, and can bring, to people in every nation.

NOW, THEREFORE, I RONALD REAGAN, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim the week beginning May 22, 1988, as World Trade Week. I invite the people of the United States to join in appropriate observances to reaffirm the great promise of international trade for creating jobs and stimulating economic activity in our country and for generating prosperity everywhere freedom reigns.

IN WITNESS WHEREOF, I have hereunto set my hand this fifth day of May, in the year of our Lord nineteen hundred and eighty-eight, and of the Independence of the United States of America the two hundred and twelfth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of May 9, 1988. ■

The skyrocketing costs of current cultural policies have created an opportunity to reach an agreement on agriculture for the new GATT round. Last year the United States proposed the nation—gradually, over 10 years—subsidies that distort agricultural markets. The U.S. initiative was consistent with proposals put forward by Canada, as well as by the Cairns Group, an informal organization of 14 proclaimed nonsubsidizing nations, including major exporters from both developed and developing nations.

A final issue in the new GATT round addresses the protection of intellectual property rights. This is an extremely important matter, not only for nations such as the United States and Canada—who are pioneering the technologies of tomorrow—but also, ultimately, for future generations throughout the globe, who will benefit or suffer depending on whether technological innovation is rewarded or stifled. Unfortunately, copyright piracy is widespread in many parts of the world, and many countries' patents are violated with impunity. According to the U.S. International Trade Commission, intellectual property infringements cost the U.S. \$20 billion annually in lost sales, and the ultimate losses from intellectual property—which stifles the very incentive to innovate—cannot be measured.

I should mention that the Canada-U.S. free trade agreement (FTA) has provided an example for worldwide trade liberalization under GATT. The FTA highlights the unique relationship between the United States and Canada without disadvantaging other countries unfairly. It is the first major agreement to establish rules for trade in services.

The FTA establishes useful precedents for bilateral negotiations and encourages trade liberalization worldwide. Its provisions regarding services, investment, elimination of export restrictions, and efficient resolution of disputes are especially instructive. The FTA has another strength. It can be attributed to a changing environment through consultations and mutual agreement.

I cannot leave the topic of trade liberalization and the Uruguay Round without saying a word or two on the trade bill now before the U.S. Congress. I recognize that there is great interest here and elsewhere in the omnibus trade bill, in large part because it was originally highly protectionist. As Congress looked at the legislation more closely, they eliminated many, but not one of the most most objectionable provisions. Congress continues to make improvements, but it still contains some

provisions we oppose, such as mandatory sanctions against non-U.S. companies in cases involving the export of controlled goods or technology to the Eastern bloc of countries. We believe such sanctions would weaken, not strengthen, the security of the West because they would undermine support for multilateral efforts to control technology transfers.

Because such troublesome provisions remain, President Reagan is faced with a difficult decision within the next week or two—whether to veto this bill. Congress must decide, in the meantime, whether it will override a presidential veto. Few pieces of legislation have received such widespread attention in the United States—or have presented issues that have been so difficult to resolve. Our goal is to ensure that the resulting legislation is not protectionist in nature.

International Investment

Important as they are, renovating GATT and liberalizing trade policies are not our only concerns. There is a need as well to move toward a free market in international investment. By doing so, we will contribute to more efficient use of investment capital and at the same time promote more favorable circumstances for improved trade in goods and services. A lessening of restrictions on foreign investment will greatly assist developing countries as they strive for economic growth.

One of the reasons for the debt problem of the developing countries is that they financed long-term equity investments with short-term loans from international banks. Had they relied on foreign investment capital instead, they would have avoided, or dramatically lessened, the debt-servicing problems that resulted from the adverse developments of the early 1980s.

One of the goals of U.S. policy, therefore, is to encourage conditions favorable to greater investment in developing countries. One initiative—the creation, just last week, of the Multilateral Investment Guarantee Agency—will ensure investments in member countries against expropriation, against political violence, and in cases where there is a breach of contract or where earnings are not convertible. We also seek an end to such restrictions on trade-related investment as domestic-content regulations, export requirements, and exchange controls. I might also mention, parenthetically, that since 1982 the United States has signed bilateral treaties with 10 developing coun-

tries as part of our efforts to promote growth-oriented policies and a more favorable investment climate.

Economic summits, such as the one you will host in June, reflect the increasing desire on all our parts for greater coordination of international policy than existed—or, indeed, than was necessary—in decades past. It is one of a number of innovations of recent years intended to help us deal with the new reality of a global economy.

International Policy Coordination

International policy coordination has made considerable progress during the past few years. As each trading nation experiences effects resulting from the decisions of other trading partners, the usefulness of consultation and policy coordination becomes increasingly clear. Of course, there are still those who maintain that such matters as monetary and fiscal policy, and structural questions involving labor markets and subsidies, are strictly domestic issues. This is an understandable position—but, I think, an unrealistic one. In our increasingly integrated international economy, it is in everyone's interest that decisionmakers be aware of the impact of their economic policies on other nations.

Recognizing this, the leaders of the summit countries have encouraged the evolution of a mechanism for economic policy coordination, with the participation of the International Monetary Fund. This institutional mechanism is working.

When the leaders of the Group of 7 countries meet, monetary and fiscal policies grab the headlines. Yet these macroeconomic issues do not exhaust the agenda for policy coordination. Over the past several years, for example, the OECD [Organization for Economic Cooperation and Development] has pioneered analysis of microeconomic, or structural, issues—with particular attention to their effects on the functioning of market economies. Since 1985, successive OECD ministerial meetings have emphasized the importance of these structural issues.

In other coordination efforts, the United States and its allies are attending to security issues. One effort has been to strengthen the Coordinating Committee for Multilateral Export Controls, or COCOM. COCOM is emerging from the shadows in which it spent its first years of existence. At a meeting I attended in January, the member countries agreed to improve coordination and enforcement of the rules governing the export of high-technology products to the Soviet bloc.

Particularly noteworthy have been measures taken by Japan in the wake of the Toshiba machine affair. Tokyo has expanded its export-screening staff and lengthened prison terms for viola-

Now I know that all of us here, member, perhaps all too well, the culties that followed the interrupt oil supplies in the 1970s. In another ample of coordination, the Western countries, through the International Energy Agency, have undertaken stockpiling effort to guard against disruptive effects of future temporary interruptions of oil supplies.

Assistance for Third World economic development also requires international cooperation. The developing countries benefit from a system of international institutions that provide them financial assistance and technical support. The World Bank, established initially to channel reconstruction aid to Europe, is the preeminent institution for development lending.

Recently, the executive director of the Bank agreed to a general capital increase of approximately \$75 billion to support continued lending to developing countries. Furthermore, in recent years the Bank has enlarged its efforts to provide policy advice and assistance to client nations. In addition, it has joined with the International Monetary Fund to encourage sound, market-based economic policies conducive to growth in developing countries.

Already we have touched on a great number of topics: GATT, liberalized trade, intellectual property, improving the international investment climate, COCOM, the World Bank, quite a long list. Yet all our efforts to strengthen the international economic system have one thing in common: they will succeed only if all of us benefit from the system cooperate to improve it.

The United States led the world economy in the postwar period, with gross national product equal to 60 percent of the combined gross national product of the OECD countries. Today U.S. gross national product equals roughly 37 percent. Some say this decrease in the U.S. share of world trade and output is an indication of America's decline. But in fact, this trend demonstrates the growing strength of international trade and this strengthening is good for the United States. The growing roles of the European Community, Japan, and Canada share in world production and trade demonstrate their contribution to a healthy global economy. That growth brings with it a responsibility—the United States and others have assumed—

foster a more open and efficient
economy.
This is the responsibility of devel-
oping and developing nations alike. As
developing countries—and especially
newly industrialized countries—
continue to advance, they must gradu-
ally accept the responsibilities of full
membership in the global economic
community.

Conclusion

I began by speaking of conditions in
Europe two centuries ago, perhaps I
should conclude with a few words about
North America at that same time. This
morning I left a city—Washington,
—that in 1788, 200 years ago, com-
menced a trading post called George-
town, a rather large swamp, and four

farms on what is now called Capitol
Hill. Like Toronto—which began as a
fort and for a time changed its name to
"York"—Washington, D.C., has come a
long way in the intervening 200 years.

When it comes to foresight, how-
ever, you simply cannot be equalled.
The city returned to its original name
of "Toronto" in 1834. "Toronto" was a
Huron Indian word meaning—etymo-
logists are uncertain about this—either
"a place of meeting," as in summit
meeting, or meaning "plenty," as in
economic abundance. Does that not
convince you that Toronto is the per-
fect city in which to hold an economic
summit? It certainly convinces me.
It also convinces me that you have
thought of everything to make the
summit a success. You are exemplary
hosts, indeed. ■

- The total direct investment
in each other's economies was over
\$43 billion in 1987. In 1982, it was only
\$16 billion. During the past 5 years,
Japanese investment in the United
States grew from less than \$10 billion
to nearly \$31 billion, and it continues to
grow rapidly. U.S. investment in Japan
grew during those 5 years from about
\$6 billion to almost \$13 billion.

These are more than just numbers.
They represent better jobs; more effi-
cient production and exchange; more
choices and higher standards of living
for our consumers. They indicate viv-
idly just how interlinked and interde-
pendent our economies have become.
And they indicate what the future
holds: even closer ties, a mushrooming
of linkages, and fuller interpenetration
of each other's economies.

The U.S. and Japan: Partners in Global Economic Leadership

by V. Allen Wallis

*Address before the Federation of
Economic Organizations (Keidanren)
in Tokyo on April 19, 1988. Mr. Wallis
is Under Secretary for Economic Af-
fairs and Agriculture.*

Keidanren is one of the most influ-
ential and respected groups of its kind
in the world, so it is a special privilege
to be invited to speak to you today. I
thank you for the honor.

I want to discuss the importance of
the economic relations between the United
States and Japan and how the relations
are evolving. First, I will review the
trend of our increasingly close rela-
tions and our cooperation on economic
issues, which is impressive. It involves
cooperation not only on bilateral issues
but also on global matters. Then, I will
focus on the importance of adjusting
the structures of our economies, and of
the global economy, in order to ensure
a minimum sustained growth. Finally, I
will discuss the agenda that lies before
us, particularly in the Uruguay Round
multilateral trade negotiations.

U.S.-Japan Economic Ties

It is remarkable that two countries
which are so different in customs, lan-
guage, and tradition—and which com-
pete so vigorously in world markets—
should form a partnership as close and
effective as ours is today. Both coun-

tries for much of our histories have
looked inward, but those times have
passed. With our combined economies
accounting for so much of the world's
economic activity, we cannot escape
leadership. Our prosperity requires a
sound international financial system,
free and open markets, and the flexi-
bility to adjust to changing international
economic conditions.

The strength and increasing com-
plexity of our economic ties are, of
course, no secret to you. Nonetheless,
I would like to cite some impressive
statistics.

- In 1987 our combined gross na-
tional products (GNP) totaled over \$7
trillion, which is about 40% of the total
GNP of the world and some 60% of the
GNP of the Western industrialized
nations.

- Last year, Japan bought about
\$28 billion worth of U.S. exports, far
more than any other country except
Canada.

- The United States bought 38% of
Japan's exports in 1987. By contrast, in
1982 the figure was 26%.

- The two-way trade between our
two countries in 1987 was \$116 billion,
for Japan its largest trading relation-
ship and for the United States the
largest except for Canada. Six years
ago, our two-way trade was only half as
much.

Perception and Reality: Competition and Cooperation Between Economic Equals

In conversations with Japanese busi-
nessmen and other Japanese people
outside government circles, I am
amazed that many Japanese still see
Japan as a small island nation with a
fragile economy that requires special
protective measures and government
support to compete in world markets.
The reality could not be farther from
this perception. Japan's \$2.7 trillion
economy is the second largest in the
entire world and one of the most dy-
namic. Its per capita GNP of some
\$19,000 surpasses that of the United
States at current exchange rates.
Thanks to a strong spirit of cooperative
discipline and striving for excellence,
Japan has caught up with, and in some
instances surpassed, the rest of the in-
dustrialized world. It is a leader in
fields as diverse as automobiles, bio-
technology, electronics, machine tools,
robotics, supercomputers, artificial in-
telligence, and superconductivity.

Today Japan is an economic super-
power. The United States and Japan are
peers. This has important implications
for the future course of the relation-
ship. First, it means that our economic
partnership must be a two-way street
grounded in mutual trust and openness.
This is essential if we in the United
States are to continue to resist protec-
tionism and promote open commercial
competition between our industries.
Second, it means that Japan must
shoulder a greater share of the lead-
ership of the world economy, in part-
nership with the United States and the
other industrialized economies.

In practical terms, this means that Japan should redouble its efforts to open markets, including opening to developing countries, and its efforts to resolve troublesome bilateral problems, particularly in trade. We have made much progress during the last 6 or 7 years—for example, in standards, telecommunications, the other so-called MOSS [market-oriented, sector-specific] sectors, and other areas—but much remains to be done.

The United States has benefited greatly from Japan's economic growth and development. We have received quality products at competitive prices, enormous amounts of capital, and the spur of technological competition, all strengthening our own economy. But that is potentially only half of the equation. On its side, Japan could benefit more from our relationship if its market were as open as the United States market is. That also would help us to generate greater income to pay for the goods and services we purchase from Japan. If both markets were open, both Japan and the United States, as well as the rest of the world, would gain. Greater exchange based on comparative advantage would allocate resources more efficiently—we would each produce more of what we are best at producing—and raise further the standards of living of both our peoples.

Such a contribution by Japan would be all the more appropriate since the United States and the major West European nations devote substantially greater shares of GNP to defense than does Japan, with all the attendant political as well as economic costs involved. This is why I believe Japan also should play a greater leadership role on other international issues, for example, by further increasing the amount and enhancing the quality of its economic assistance to developing countries, by being more active on international debt problems, and by coordinating on other monetary and financial matters. Some would call this "burden sharing," but that misses the point. It is in Japan's own interest to open markets, to promote growth in developing countries, and otherwise to strengthen its own and the international economy. That is why I am confident that Japan will continue to move on these fronts, and at an accelerating rate.

International Imbalances and the Importance of Structural Adjustment

One area where Japan has already demonstrated considerable leadership, and where I hope it will continue its efforts, is in helping to reduce international imbalances. Fundamentally, the problem is to adjust continuously to changes in the world economy and thereby promote sustained growth.

You, Japan's business leadership, understand well that change is always with us. New economic conditions develop; exchange rates shift; new technologies appear; new products enter the market. The less innovative, less productive, and less efficient producers shrink and disappear. As painful as this process of adjustment may be to individual companies, overall it strengthens our economies and helps us reach higher levels of growth by promoting the more efficient and more productive.

This assumes, of course, that government policies and programs, as well as private attitudes and practices, allow adjustment to proceed. In our market systems, adjustment is, and must be, a natural part of economic life. The economy does not change abruptly; if there are no barriers to adjustment, it adjusts continuously.

As we move toward the last decade of this century, the pace of change is accelerating and the imperative to adjust is increasing. In the case of the United States and Japan, our huge external imbalances signal an urgent need for further adjustment.

International imbalances are not inherently bad, at least not in economic terms. Whether they are detrimental to our two economies, or to the global economy, depends largely on the efficiency with which each economy operates. They can be detrimental if saving or consumption is artificially encouraged or discouraged by governmental action, if investment decisions are directed or distorted by public policy, or if the public sector is simply too overbearing, either through regulation or sheer weight. In these circumstances, international imbalances will reflect policy-induced domestic imbalances and inefficiencies.

Policies that inhibit adjustment to change interfere not only in the domestic economy but also in the economic relations among countries. That is why large imbalances, especially trade deficits, lead to political problems, especially when the markets of the surplus countries are closed or appear to be

closed. That is a prescription for rampant protectionism, as most recent manifested in the numerous trade proposals put forward in the U.S. Congress.

We know, of course, that, fundamentally, trade balances are determined by savings, investment, and international capital flows. If we do work to identify ways to reduce the domestic imbalances among these influences and make our economies operate more efficiently, then the political barriers will persist, in spite of our best efforts to open markets and liberalize trade.

Moving Toward Better Global Balance

If the United States and other countries with current account deficits to increase their exports, then consumption and investment in countries with current account surpluses will grow at a greater rate than output. There needs to be a greater focus "homegrown" growth in trade surplus countries. If other countries were to follow policies that made their economies as attractive to investors as the U.S. economy, that would reduce trade surpluses and lower the U.S. deficit. This is why we have frequently urged Japan and Germany to adopt policies that would provide an attractive climate for investment. This is the soundest way to expand their domestic economic growth. Economic growth requires freeing up their economies from market forces—free enterprise and free choice for consumers—must be the guiding principles.

The issue of structural adjustment has become one of the major items on the international economic agenda. Building on the consensus reached at the economic summit at Williamsburg in 1983 and extended since then, economic officials of the major industrialized countries in September 1985 outlined in the Plaza Agreement appropriate domestic structural measures. These included reducing rigidities in labor and capital markets and providing a sound basis for more balanced, sustained noninflationary growth. This strategy was reconfirmed at the Tokyo and Venice economic summits, and I think even greater emphasis may be accorded to the importance of structural adjustment at the Toronto economic summit in June. In fact, I think we will see the issue of structural adjustment playing a more prominent role in the coordination as summit nations, other

industrialized economies, and the newly industrialized countries search for ways to sustain growth into the 1990s. The United States has approached its own structural reform with four principal economic priorities aimed at making our economy responsive to market forces:

- (1) Deregulating our domestic economy;
- (2) Curtailing the growth of government expenditures;
- (3) Reforming our tax system; and
- (4) Opening the international market in part by resisting protectionism and championing a new round of trade negotiations internationally.

We have not done badly. Tax reduction is a reality. Far-reaching steps have been taken in deregulation. A new trade round has been launched, and we are aggressively tackling the most intractable problem—excessive government expenditure—which is the cause of our excessive government deficits. We have begun to make good progress on this front, and our Federal deficit and the growth in Federal spending are declining.

All told, this is a strong record and the statistics again speak for themselves. The U.S. economy has created at least 16 million net new jobs since 1980, unemployment has fallen to its lowest level in 14 years, interest rates have fallen dramatically from their level of the early 1980s, inflation has been controlled, and the American economy is in its 65th month of sustained growth.

We also see major shifts taking place. Growth in real GNP exceeded growth in real domestic demand by more than one percentage point last year. In export industries, growth in investment and employment is strong. Real net exports improved by \$11 billion last year, and the trade deficit, in volume terms, has been falling in each of the last 15 months. This year we expect the improvement in real net exports to contribute nearly half of our economic growth. In short, the U.S. economy is strong, healthy, and vigorous.

-Japan Structural Dialogue

Friday, I will be leading the U.S. government counterparts in our Japanese structural dialogue. This fourth meeting of the dialogue is an important part of our mutual progress on structural issues. We organized this dialogue because both sides recognized that it

Japan Continues Quotas on Beef, Citrus Imports

Following is a statement by U.S. Trade Representative Clayton Yeutter on May 3, 1988.

I have met with Japanese Agriculture Minister Takashi Sato for nearly a week trying to reach an agreement that would liberalize Japan's beef and citrus markets. Regrettably the final Japanese proposal offered only a modest increase in access, and it would have left in place provisions that the United States considers to be incompatible with the GATT [General Agreement on Tariffs and Trade] rules.

The United States has been seeking an elimination of the Japanese beef and citrus quotas by a certain date along with a transparent and comprehensive package which would assure U.S. beef and citrus producers full access to Japan's market. In addition, the United States sought an immediate end to the GATT-illegal citrus juice blending requirement as well as substantial cuts in Japan's citrus tariffs.

The Japanese were willing to make concessions in some areas; however, for

beef they wanted to substitute other measures that would sustain a high level of import protection. In addition, none of our citrus concerns were addressed to our satisfaction. Under the Japanese proposal, U.S. exporters and Japanese consumers would continue to bear the cost and burden of Japan's insistence on constraining agricultural imports.

Tomorrow, the GATT council will meet in Geneva, Switzerland, and the United States will for a second time ask for the establishment of a panel to review our complaint about Japan's obstructive beef and citrus import practices. We hope that Japan will live up to its international obligations and agree to this action.

It is essential that the Japanese Government join the United States and other major trading partners in pursuing and promoting open global trade—in agricultural as well as industrial goods. The continuation of GATT inconsistent quotas, or alternative schemes of a similarly constricting nature, do not meet that responsibility. ■

was time to give greater emphasis to the fundamental domestic imbalances that underlie external imbalances.

Together, we have studied the evolution of the external imbalances, the relationships between savings and investment in our two countries, and how imbalances between these elements underlie external imbalances. Going deeper into these issues, we also have examined a number of specific sectors, including agriculture, housing, consumer credit, labor relations, and competition policies—all of which influence savings and investment in our respective economies.

The structural dialogue provides the analytical underpinning necessary to make structural issues an integral part of international coordination. The dialogue is not a formal negotiation but an enlightening and sometimes spirited discussion of topics that are inherently domestic but which unquestionably are related to achieving our common goal of sustained, noninflationary growth in the differing circumstances of the two countries. Fundamentally, structural

adjustment means nations doing what is in their own best economic interest. This means overcoming special interests that are resistant to change and unwilling to submit to free competition and open markets. Nations may find the process of international coordination helpful in placing their long-term national interests over short-term and short-sighted special concerns.

Japan's Adjustment and the Need for Further Structural Reform

Japan's economy has undergone remarkable adjustments during the last 3 years in response to shifts in exchange rates and other changes in the international economy, and Japan is to be admired and commended for its accomplishments. After a difficult year in 1986, when corporate profits dropped an average of 25% and growth of GNP was relatively weak, the Japanese economy is now booming, thanks largely to policies designed to increase domestic demand. GNP grew nearly 4.2% last year, with the growth over 5% in do-

mestic demand contributing to adjustment, in real terms, of Japan's high trade and current account surpluses.

As I see it, Japan now needs to build a solid domestic basis for sustained growth by reducing structural impediments to economic activity and otherwise reducing inefficiencies in its economy. Thus, I hope that Japan will undertake a thorough assessment of policies which affect the allocation of resources among sectors and between consumption and savings. If government policies interfere with the transmission of market signals, the structure of the economy is distorted. This has adverse consequences for both the current economic situation and the future. A stronger, more flexible domestic market is important to meet the immediate problem of external imbalances and also to prepare Japan's economy for the future, when newly industrialized countries will increase competition in export markets traditionally dominated by Japanese products. In essence, Japan needs to increase the attractiveness of its economy to investors—both Japanese and non-Japanese.

As we prepared for the structural dialogue, we identified a number of areas that we want to discuss with our Japanese colleagues, including Japan's cumbersome retailing and distribution systems; depressed industries and cartel policies; buying practices; consumer credit and housing loans.

From a U.S. point of view, however, it is Japan's agriculture which provides the most striking example of the costs of inefficiency and the need for reform. The maintenance of high support prices and restrictive import barriers hinders structural adjustment in the agricultural sector and throughout the economy and results in the misallocation of resources—both in Japan and abroad. Various studies indicate that the total cost of such policies to Japan's taxpayers and consumers is about \$50–\$60 billion annually. Japanese consumers spend \$40 billion—5 trillion yen—more on food than they would spend if they paid world prices.

For beef the Japanese consumer pays three to five times the world price. The beef for which Japanese consumers now pay \$20 billion would cost them only \$4 to \$7 billion if they could buy beef at world prices. Rice prices in Japan are six times the world price and cost Japanese consumers another \$10 billion extra. Additional rice supports paid to farmers cost Japan's taxpayers several billion dollars more. All

told, Japanese consumers spend approximately 24% of their income on food, compared with 12% in the United States and 15% in the United Kingdom and the Netherlands.

The relatively high percentage of income spent on food reduces the amount of income available for other uses, such as housing and imports. The same studies indicate that Japan's agricultural policies subsidize producers on the order of 70% for major commodities as compared to 28% in the United States. In other words, the total value of government support programs equals about 70% of total agricultural income in Japan. This means that more than two-thirds of farm income is really social welfare transfers, not earnings. Sectors other than agriculture are being made less competitive, resulting in a loss of economic growth and efficiency.

Japan is the largest customer for U.S. agricultural exports. Yet, America's farmers, who are many times as productive as Japan's, could provide substantially greater amounts of food to Japanese consumers at a much lower cost than they pay currently. They are prevented from doing so, in many cases, by quotas and high tariffs, state trading, and other restrictive arrangements. It does not make economic sense for Japan to restrict severely imports of products in which its trading partners enjoy an overwhelming comparative advantage, especially since those partners welcome products in which Japan has a comparative advantage, such as electronics, robotics, and automobiles. If Japan must support farmers for political and social reasons, it should do so in ways that do not distort trade. The 70% of farm income that consists of social welfare payments should be transferred in ways that are not related to production.

Japan's quotas on beef and citrus products are of immediate concern and are a source of great friction between our two countries. I realize the process of adjustment will be difficult for some Japanese farmers, just as it has been for U.S. farmers. Yesterday, I visited with two beef and dairy farmers and listened firsthand to their concerns. However, it is time for Japan to eliminate the quotas and bring other aspects of the trade into conformance with the GATT [General Agreement on Tariffs and Trade].

Changing Course in Japan

Japanese leaders recognize the need for further restructuring of Japan's economy. The efforts made over the last several years underscore their determination. Indeed, there has been a change in Japanese attitudes toward Japan's role in the global economy. I believe there now is consensus building for the kinds of economic adjustment we have discussed. This prestigious organization, Keidanren, has strongly supported Japan's need for structural reform. You have recommended that Japan should remove all import restrictions, abolish tariffs on manufactured goods, undertake thorough deregulation of the economy, and achieve open administrative systems and operations. I encourage you to press toward this goal.

Structural Adjustment at the Multilateral Level

Our two nations have responsibility that are not limited to our domestic economies and our bilateral relationship. As the two largest industrialized economies, we have responsibility for international leadership as well. We cannot prosper without an open and fair world trading system. Trade is the mechanism by which structural adjustment is transmitted internationally. As the pace of change picks up, it is essential that the guidelines for trade, the rules of the road for international commerce, be kept up-to-date to help sustain global growth.

Our two governments have an important stake in the success of the Uruguay Round. GATT has played a major role in expanding world trade and economic growth in these last decades. Much of the increase in the standard of living of the Japanese people was fueled by trade. In fact, Japan has secured sure sources of supply in major markets abroad on a scale greater than was imagined by the military rulers of the 1930s who so tragically sought to achieve such access through military conquest.

Now the GATT must address areas, as technology and changing circumstances vastly increase the potential and scope of economic dealings between nations. Services, investment and protection of intellectual property—formerly of only domestic concern—are now part of the arena of world commerce and must be included in any arrangement that seeks to

ern international trade. The United States and Japan need to lead in these GATT efforts. By and large, we have the same interests in these new areas, and there is great scope for cooperation between us.

But the work of the new trade round must not neglect the traditional sectors where problems remain. To be important, we must tackle the old agricultural mess. The new trade round provides us with a chance to establish a world trading structure that will carry mankind to new levels of enterprise, opportunity, and well-being. However, that goal cannot be achieved without broad, comprehensive reform of agricultural policies worldwide. We must start with a good starting point is the substantive proposal on agriculture that the United States has set forth aimed at putting agricultural production and trade on a market-oriented basis.

Unless decisive common action is taken, the growing burden of our mismanaged farm policies could overwhelm us in the major Western economies, both direct and indirect cost of farm subsidies now exceeds \$250 billion at current exchange rates, according to the OECD [Organization for Economic Cooperation and Development]. This is a massive misallocation of resources on a global scale which prevents our economy from reaching the growth of which we are capable.

We would like to see the total elimination during the next 10 years of farm export subsidies, quotas, nontariff barriers, and all other distortions of agricultural markets. As a result, world farm costs would be cut, government budgets pared, wasteful practices eliminated, and economic growth stimulated on a broad international scale. By the end of the century, we envision an open free trading system in agricultural products. For Japan, I can think of no more striking proof that it accepts its need for international leadership than by joining with us in this effort to rationalize agriculture.

Economic Leadership

In summary, the United States and Japan face two related sets of economic challenges which demand action and leadership. For their own prosperity and well-being, they must free up their stunted economies so that they will be able to adapt more efficiently and more readily to change. Success in removing barriers to economic activity—in addition to the beneficial effects on their respective economies—will provide in-

creased growth opportunities for their trading partners, including, and especially, developing countries.

Our two nations have important international economic responsibilities as well. We cannot exert real leadership just through technological development or export expansion. We must exert leadership in the overall functioning of the international economy. I mentioned the new trade round, but there are also other important multilateral tasks—in-

cluding monetary stability; debt and economic assistance to developing nations—where the United States and Japan must lead.

Our extensive political cooperation and close economic links make it possible to address these issues together with confidence. Moreover, it is in our own national interests to promote the kinds of growth-oriented economic policies I have discussed—which is why I think we will succeed to the benefit of all mankind. ■

U.S. Foreign Economic Policy, 1981–87

Free Trade. The Reagan Administration continues to pursue the goal of free and fair international trade in order to promote effective economic development in the United States and throughout the globe. At U.S. urging and as part of our effort to reduce record U.S. trade deficits, foreign governments have eliminated some of their barriers to U.S.-exported goods and services. The United States has signed important free trade agreements with Canada and Israel that will eliminate tariffs and other obstacles to bilateral trade and investment. The United States played a major role in the initiation of a new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) in order to strengthen the international trading system.

Economic Assistance. The United States has provided substantial aid to developing countries in order to promote economic growth based on private sector initiative and market-oriented policies. More prosperous foreign countries are better markets for U.S. goods, services, and investment. U.S. emergency food aid and disaster relief have been sent to numerous countries, particularly in Africa, for humanitarian reasons. The United States also has encouraged private foreign investment in developing countries as an important part of the economic development process.

External Debt of Developing Countries. Since 1982, the United States has provided leadership in forging a strategy to solve the acute debt problems of

developing countries without endangering the long-term growth prospects of the debtors or the integrity of the international financial system. With the international financial institutions, especially the International Monetary Fund (IMF) and the World Bank, at the center, the strategy involves all concerned parties—the debtors, the commercial banks, and the creditor governments. A key element is the encouragement of debtor countries to adopt growth-oriented structural adjustment policies, and thereby foster new lending by commercial and multilateral development banks.

Exchange Rate/Monetary Coordination. Since 1985, major industrial countries—United States, Federal Republic of Germany (F.R.G.), United Kingdom, France, Japan, Canada, and Italy—have renewed efforts to consult closely on coordination of domestic economic policies in order to restrain inflation, encourage growth, and provide stability to exchange rates and exchange markets.

Energy Security. The Reagan Administration has strengthened U.S. energy security by decontrolling the price of oil, deregulating domestic natural gas prices, promoting coal and nuclear power, building up the Strategic Petroleum Reserve, and promoting the coordinated use of oil stocks by International Energy Agency countries in the event of an oil crisis.

1981

January 28: President Reagan signs an executive order abolishing price controls on most domestic crude oil and its byproducts. This decontrol allows oil companies to raise the price of domestic crude to world levels, in order to promote conservation and increase U.S. production of crude.

April 16: United States stops intervening in currency markets. The purpose of the new policy is to allow the currency exchange rates of the major trading countries to find more realistic levels through the operation of market forces.

April 24: President Reagan ends the U.S. embargo of grain and phosphate fertilizer exports to the U.S.S.R.; keeps controls on strategic technology products and foreign policy controls on oil and gas equipment. He says that the grain embargo was ineffective and was harmful to U.S. farmers. The lifting of the embargo is designed to increase U.S. farm exports to an important market.

July 19-21: Economic summit meeting in Ottawa. President Reagan raises the themes of reliance on market forces and the urgency of structural reform. (The leaders of seven industrial countries—the Group of 7, comprised of the United States, Japan, F.R.G., United Kingdom, France, Italy, and Canada—meet annually to discuss and make decisions on a wide range of international economic and political issues.)

October 22-23: The International Meeting for Cooperation and Development convenes in Cancun, Mexico. Leaders of 8 industrial countries and 14 developing nations plus the UN Secretary General discuss the development challenges of the poorer nations. President Reagan declares that free trade and free economic development are the keys to prosperity for the developing world.

1982

February 24: President Reagan announces to the Organization of American States a six-point plan aimed at improving the economies of the Caribbean region. The centerpiece of the Caribbean Basin Initiative is duty-free treatment for Caribbean Basin products (except textiles and apparel products) exported to the United States for the next 12 years. He requests additional economic assistance of \$350 million and

additional security assistance of \$60 million for Caribbean nations for FY 1982. The Caribbean Basin Initiative is designed to foster economic growth in the region and increased trade and investment flows between the United States and Caribbean countries.

June 4-6: Economic summit meeting in Versailles. The seven leaders launch the process of greater economic coordination among their countries.

August 20: United States assists Mexico with a bridge loan in the context of commercial bank rescheduling arrangements. Representatives from more than 100 foreign commercial banks agree to postpone repayment of Mexico's \$10 billion foreign debt now due and to provide \$1 billion in new credits. The debt package not only assists the U.S. banking system but also provides a more viable basis for future economic growth in Mexico.

December 9-10: United States, F.R.G., United Kingdom, France, and Japan (the Group of 5) agree to a 50% increase in the basic lending resources of the IMF, which provides loans to developing countries to help finance balance-of-payments deficits in conjunction with a program of necessary economic policy reforms designed to restore external balance.

1983

March 10: President Reagan proclaims an exclusive economic zone in which the United States will exercise sovereign rights over its living and nonliving resources within 200 nautical miles of the U.S. coast. The policy is designed to protect valuable offshore assets, such as fish and minerals.

May 10: Organization for Economic Cooperation and Development (OECD) ministers agree that "their countries would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources."

May 28-30: Economic summit meeting in Williamsburg, Virginia. It lays the groundwork for our international debt strategy, which evolved into the Baker Plan (see October 8, 1985).

July 28: United States and U.S.S.R. reach agreement on a new long-term grain agreement for 5 years. The U.S.S.R. will purchase a minimum of 9 million metric tons of U.S. grain

annually in approximately equal quantities of wheat and corn.

September 9: President Reagan announces U.S. international investment policy. Its fundamental premise is to encourage foreign investment flows which respond to private market forces will lead to more efficient international production to the benefit of both home and host countries.

1984

January 30: United States announces an aid initiative for Africa to provide food and promote economic reform and development. In addition to ongoing assistance programs, the economic partnership initiative is expected to cost approximately \$500 million over a 5-year period and is directed to those African countries that carry out economic reform in a manner that will use the money more effectively.

May 29: United States and Japan announce a series of measures aimed at opening Japan's financial markets and increasing the use of the Japanese yen as an international currency. The main provisions of the agreement expand the market for international issues denominated in yen, deregulate Japanese domestic capital markets, give foreign companies greater access to Japanese financial markets. U.S. officials hope that the measures will lead to a stronger yen and a consequent improvement in the U.S. balance of trade with Japan.

June 7-9: Economic summit meeting in London. It builds constructively on the foundations for international cooperation established at the two previous summits.

September 18: President Reagan announces that his Administration will seek to negotiate voluntary restraint agreements with foreign governments in order to protect domestic steel producers from rising imports. He rejects steel industry requests for imposition of strict quotas or higher tariffs on imported steel.

1985

January 3: President Reagan announces a comprehensive African hunger relief initiative. Total U.S. commitment to Africa for emergency and regular food aid and disaster relief programs will exceed \$1 billion during 1985. On the economic development

U.S. efforts in Africa will continue on three fronts: policy reform, cultural research, and human resource development.

January 28: United States and Japan begin trade negotiations and agree to try four market areas—telecommunications, pharmaceuticals, computers and electronics, and forest products—in which the United States fears that Japan unfairly discriminates against U.S. goods and services. These so-called MOSS (market-oriented, sector-specific) talks, which last until January 1986, are successful in opening up Japanese markets for U.S. exports of cars and medical and telecommunications equipment. MOSS negotiations on the fish sector—transportation equipment—begin in June 1986.

March 4: United States announces a new U.S.-Israel free trade agreement to eliminate all tariffs between the two countries by 1995. The agreement is expected to increase trade and other economic ties between the two countries.

March 18: President Reagan and Canadian Prime Minister Mulroney agree to initiate talks toward establishment of a free trade area, which would liberalize and increase trade in goods and services and investment between the two countries. (The United States and Canada have the largest bilateral trade in goods and services in the world—exceeding \$166 billion in 1987.)

March 24: Economic summit meeting in Montevideo. It plays a key role in initiating the Uruguay Round of multilateral trade negotiations under the GATT in September 1986.

September 22: Senior economic officials from the United States, F.R.G., United Kingdom, France, and Japan agree that "the further orderly appreciation of the main nondollar currencies against the dollar is desirable" and are "ready to cooperate more closely to encourage it." The Plaza Accord is an attempt to arrive at more realistic exchange rate relationships that better reflect underlying economic conditions of the major industrial countries in order to achieve more balanced growth.

September 23: President Reagan announces a new series of measures designed to identify and combat unfair trading practices by other nations in order to allow more U.S. exports to foreign markets. The centerpiece of the plan is the establishment of a \$300-million "war chest" in the Export-Import

Bank to counter subsidized export credit offers by other industrial nations.

October 8: At IMF/World Bank meetings in Seoul, South Korea, U.S. Treasury Secretary Baker proposes a "Program for Sustained Growth," a three-point approach to debt problems of large middle-income developing countries. The Baker Plan includes an increase in annual World Bank and Inter-American Development Bank disbursements, a key role for the IMF in fostering economic reform, and net new lending by commercial banks of approximately \$20 billion over a 3-year period. A major goal of the program is to encourage principal debtor countries to adopt comprehensive, growth-oriented macroeconomic and structural adjustment policies.

December 23: President Reagan signs the Food Security Act of 1985. The law establishing U.S. farm programs for 1986-90 is designed to improve U.S. competitiveness in world markets, where our agricultural exports have been slipping since 1981. The act authorizes export subsidies for wheat and other agricultural products to selected markets, creates favorable crop loan repayment terms that can assist rice and cotton exports, and progressively reduces price support levels for several major export commodities.

1986

January 19: Senior economic officials from the United States, F.R.G., United Kingdom, France, and Japan coordinate reductions in their interest rates in order to promote economic growth with low inflation.

May 4-6: Economic summit meeting in Tokyo. It elaborates the process of international economic coordination and places agricultural reform squarely on the international economic agenda.

July 31: United States and Japan reach agreement on a 5-year trade pact involving computer chips. Japan agrees to let U.S. semiconductor manufacturers gain a larger share of its market and to prevent Japanese producers from engaging in predatory pricing in the United States or in third countries. The United States agrees to suspend tariffs on Japanese chips that had been imposed as penalties for the alleged dumping.

September 20: 74 countries belonging to the GATT agree to an agenda for the 8th (Uruguay) round of multilateral trade negotiations. Major U.S. objectives of these talks, expected to last 3-4 years, are to liberalize international trade in services; promote freer, more market-oriented agricultural trade; reduce nontariff barriers to trade and so improve market access; eliminate trade-distorting investment policies; end the international piracy of patents, trademarks, and copyrights; and strengthen the GATT's procedures for settling disputes. The overall purpose of the Uruguay Round is a more effective international trading system with freer trade in goods and services.

October 31: United States and Japan announce a broad agreement on economic cooperation. Japan promises to cut interest rates and taxes and increase government spending, while the United States agrees to continue seeking reductions in the budget deficit. A major purpose of the agreement is to reduce the large external trade imbalances in both the United States and Japan.

1987

February 22: United States, F.R.G., United Kingdom, France, Japan, and Canada agree (the Louvre Accord) to cooperate closely in official currency market interventions as may be necessary, as part of the process of better economic policy coordination.

June 8-10: Economic summit meeting in Venice. The leaders agree on the need for effective structural adjustment policies, especially for creating jobs.

September 29: Secretary Baker, in his address to the IMF/World Bank annual meetings, calls for creation of an external contingency mechanism by the IMF to assist developing countries overcome unfavorable developments in the world economy which might otherwise derail their adjustment efforts.

October 3: United States and Canada agree to a historic free trade pact that would eliminate tariffs in three stages over a 10-year period and end most other bilateral trade barriers. The agreement also would liberalize U.S. and Canadian investment regimes, thereby facilitating cross-border investment by the private sectors of both countries. President Reagan and Prime Minister Mulroney sign the final text on

January 2, 1988. The agreement is subject to the approval of the U.S. Congress and the Canadian Parliament.

December 29: The U.S. Treasury Department announces that it will cooperate in a plan proposed by Mexico and J.P. Morgan & Company to swap up to \$20 billion of Mexican external debt—almost one-fifth of the total—into securities backed by Mexican purchase of U.S. Treasury bonds. Commercial banks would trade their Mexican loans with a face value of almost twice that of the new securities. The purpose of the proposal is to allow Mexico to reduce both its debt and its burdensome interest payments. ■

Update on Europe

by Rozanne L. Ridgway

*Prepared statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on May 18, 1988. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.*¹

I am pleased to be back with you for one of our periodic updates in open session of developments affecting U.S. interests in Europe.

U.S.-Soviet Relations

At the weekend I returned from Geneva, from the fifth U.S.-Soviet ministerial so far this year. Preparations for the Moscow summit continue in full gear. We view the Moscow meeting not only as an "event"—though it surely will be that—but also as an integral step in the process undertaken by the President to construct a stable, sustainable framework for U.S.-Soviet relations. Our approach is grounded in a realistic appraisal of the basically competitive nature of our relationship. But at the same time it recognizes the importance of imparting stability to that competition, and also the potential significance of changes currently underway in the Soviet Union. Our policy is designed to make the most of any opportunities that change may provide.

At Moscow, as in the previous two summits, the President intends to pursue meaningful progress across the entire spectrum of our broad agenda,

including arms control, human rights, regional issues, and bilateral matters. His policy and program have yielded significant achievements and he plans to build on them, both in Moscow and in the remaining months of his Administration.

We hope the two leaders will be able to exchange instruments of ratification of the INF [Intermediate-Range Nuclear Forces] Treaty in Moscow.

Considerable progress has been made toward achieving a balanced, verifiable 50% reduction in our strategic nuclear arsenals. We will work to make as much additional progress as possible in the coming months.

We have also registered significant forward movement on other arms control issues: among other things, we have begun nuclear testing negotiations and are working in the CSCE [Conference on Security and Cooperation in Europe] context to develop a mandate for conventional stability talks.

With the April 14 signing of the Geneva accords, something has begun which many thought until recently would never occur—the withdrawal of Soviet troops from Afghanistan.

Our bilateral dialogue on regional issues continues. We will review the situation in Afghanistan, as well as the Middle East, southern Africa and Cambodia, and other areas where conflict has brought tension to our relations with the Soviet Union. As the Washington summit joint statement presents it, our objective in the U.S.-Soviet dialogue on regional issues is "to help the parties to regional conflicts find peaceful solutions that advance their independence, freedom and security." Assistant Secretary of State Crocker [Assistant Secretary for African Affairs Chester A. Crocker] and Soviet Deputy Foreign Minister Adamishin will meet again before the summit to discuss southern Africa.

Recently the Soviets have been willing to engage in discussion of human rights issues. Since the beginning of the summit process in Geneva in 1985, we have seen the resolution of many individual cases, some well-known, others not. We have seen, from the 1985 starting point, substantial increase in emigration. As of today, the monthly rates are well over 2,000 for ethnic Germans, over 1,000 Armenians, and about 1,000 Soviet Jews.

But thousands more want to leave, and they are frustrated by an arbitrary system which does not, in practice, rec-

ognize the basic right to emigrate. much more needs to be done, for individuals and for categories (political activists, religious believers, and psychiatric abuse) to remove the arbitrariness. We are working for improvement in the institutions and procedures.

A recent downturn on human rights issues, the arrests of Gri-goryants and Ayrikyan, is a current concern. We hope these reverses will be righted by the time of the summit.

U.S.-Soviet exchanges have expanded significantly. We'll continue pursue opportunities to broaden our knowledge of one another and break down old stereotypes.

We are working on a number of lateral agreements which would be signed during the Moscow summit. Our aim is to take advantage of opportunities that exist to take mutual benefit from areas of shared interest.

The Alliance

We could not have gotten where we are with the Soviets without a strong alliance, and a strong alliance consensus behind us. When I last appeared before this subcommittee, I shared with you some of the hopes we had for the March NATO summit. Let me now say a word about the actual results.

I was taken, as I know the Secretary was, by the sense of common purpose which we encountered in Brussels. The INF experience was really a very important lesson for all of us on the need to stick to basic principles. It is the determination of the allies to maintain our deterrent strength, while at the same time remaining open to dialogue, which brought the Soviets to the bargaining table and made the Treaty possible. The summit declaration made it clear that this will remain our approach to the East.

The declaration was equally clear regarding the alliance commitment to basic human rights. We will continue to press the Soviets and the other countries of the East to remove the barriers to freedom which currently characterize life in those societies. In that regard, we and the allies are committed to a balanced outcome to the CSCE review conference in Vienna—and we are willing to remain at the table until we get one.

The NATO summit also produced a constructive statement on conventional defense. On this score, we and the

agreed that Soviet conventional military superiority is the most destabilizing factor in the Atlantic security equation. We have challenged the Soviets to work with us in Vienna to earn a mandate for negotiations on conventional forces which would lead to a more stable balance at lower and equal levels in Europe. We and the allies will not neglect ongoing efforts to improve our own conventional defense capabilities while such negotiations are in progress.

Over the years, NATO has been blessed with exceptional leaders. At the June 9-10 NATO ministerial in Madrid, we will be saying goodbye to one of them. Peter Carrington, Secretary General for the last 4 years, will be moving on in July. He has done an absolutely magnificent job at NATO in a historic period of severe challenge and extraordinary opportunity. Former German Defense Minister Manfred Wörner will be taking over the reins at NATO. We look forward to working as closely with him as we have with Lord Carrington.

On Southern Flank: Maturing Partnerships and Base Negotiations

Across NATO's southern flank, we have relationships with several allies characterized by maturing partnerships, with a range of deepening and broadening ties. In all of these the security relationship and its contribution to NATO missions remain important, even as the account of changing times. In two countries, as you know, base negotiations are in progress on our future security relationships.

We are working toward the early conclusion of the negotiations with Spain. Working groups are continuing to labor to negotiate final texts to replace the old accord, which expired last week. Although our rights and privileges remain protected for 1 year, we want to wrap this up soon. Major elements, such as continued use of Rota air base, Bardenas Reales bombing range, and other Spanish installations we agreed last January. However, much work remains to be done to reach a satisfactory conclusion. The new accord's longer 8-year term, an end to security assistance programs, and planning for use of Spanish bases to reinforce NATO in time of crisis or war, are major improvements. We remain disappointed by the Spanish Government's decision that our F-16 Wing must leave in within 3 years.

Visit of Finnish Prime Minister



(White House photo by Pete Souza)

President Reagan welcomed Prime Minister Harri Holkeri to the White House on May 2, 1988, as part of the celebration of the Year of Friendship With Finland. The Prime Minister presented the President with a medal commemorating the 350th anniversary of the first Finnish settlement in America in what is now Wilmington, Delaware.

We appreciate the willingness of the Italian Government to consider the possibility of accepting the 401st Tactical Fighter Wing should NATO so recommend. This is another example of Italy's broad range of support for Western security interests. The fate of the 401st is up to NATO. We have some important details yet to work out. But I am reasonably confident the unit can remain forward deployed under conditions acceptable to us and to Congress.

Our current base agreement with Greece is terminable on December 20, 1988. In accordance with its terms we expect the Greek Government will give the required notice of termination 5 months before that date. We have begun negotiations for a new post-1988 agreement. The last round was held

here May 9-13. The negotiations continue to be marked by orderly progress and a professional atmosphere. The seventh round of negotiations will take place in Athens the week of June 20.

In February, as you know, the Turkish Government ratified the extension of our 1980 Defense and Economic Cooperation Agreement through 1990. The continuing Modernization of Turkish forces and the further strengthening of Turkish-American relations are important to the security of the United States, NATO, and Turkey.

Additionally, as you know from Portuguese Prime Minister Cavaco Silva's visit here in February, the Portuguese have requested consultations on our relationship. The opening, procedural round took place in Lisbon on April 29.

Although a formal agenda has yet to be agreed upon, we expect the consultations to review our bilateral cooperation efforts and explore ways to strengthen and broaden cooperation in light of political and economic developments since 1983.

While the talks will address security cooperation matters, we also anticipate examining prospects for expanding nonsecurity aspects of our relationship. In requesting the consultations, Portuguese Prime Minister Cavaco Silva has stressed that Portugal does not intend to reduce U.S. access to military facilities on Portuguese soil, but instead to identify and overcome difficulties in order to strengthen the relationship. We share that approach.

Eastern Europe

Change is the word today in Eastern Europe. Aging leaderships, a chronic sense of illegitimacy, and declining economies are creating a more fluid situation. Pressure from the Soviet Union to become more efficient economically adds to the indigenous pressures for change, as does the example of Gorbachev's reform program.

East European regimes are fearful of rapid change and see openness as a threat to their stability. Most leaderships want better functioning economies, but not at the cost of losing control.

The situation in Poland confirms the risks inherent in trying to move on economic reform without acquiring public support for the program. The strikes were spontaneous and indicated pent-up frustration with the austerity element of reform measures. The lesson to be learned is that the Government in Poland must obtain popular support and must engage in a process of national dialogue, reconciliation, and broad reform if economic reform is to have a chance.

We witness in Hungary an amazingly open debate on reform. The authorities are also fearful of public reaction to economic reforms which will bring austerity. The Hungarian Government too must seek popular support.

Czechoslovakia and Bulgaria are making motions toward economic reform but give no concrete indication of political reform. Romania rejects reform altogether.

The prospects for change in Eastern Europe present the United States with both challenges and opportunities.

Our influence is limited, but there are new openings to promote Western values and encourage genuine reform. We have seen change coming for 2 years now and have adopted a more active and flexible approach with change in mind. Deputy Secretary Whitehead [Deputy Secretary of State John C. Whitehead] has now visited the area four times and will be going again in June.

With every country we have put in place a kind of "challenge program" of practical activities which would be to mutual benefit if our partners are willing to take our concerns into account. With most we have made some progress. They have in general been receptive to this approach. The topics differ from country to country, but in every case they involve greater dialogue, greater openness, more contacts, and more efficient means of solving problems.

While the countries of the region want political dialogue and cultural ties, and we mean to pursue these, what they want most from us is economic support. We are prepared to expand economic and trade ties in nonstrategic areas, but we are not willing to let trade get out in front of the rest of our agenda, and we recognize Western economic support will be squandered without meaningful reform and support from the people.

Our policy is well-suited to the challenge. Holding to a realistic, sustainable framework for relations, we will be able to weather the inevitable ups and downs while pursuing our interests in the area. This will require patience and a long-term perspective.

OECD Ministerial

Of late, we've talked together about NATO summits and U.S.-Soviet summits. There is a third summit ahead of us on the calendar, which also touches on vital U.S. interests. As we speak, Secretaries Baker [Secretary of the Treasury James A. Baker, III], Verity [Secretary of Commerce F. William Verity], Lyng [Secretary of Agriculture Richard E. Lyng], Ambassador Yeutter [U.S. Trade Representative Clayton Yeutter], Chairman Sprinkel [Chairman of the Council of Economic Advisers Beryl W. Sprinkel], and Deputy Secretary Whitehead are participating in the annual OECD [Organization for Economic Cooperation and Development] ministerial in Paris, a meeting which traditionally sets the stage for the eco-

nomic summit, this year in Toronto June 19-21. As is evident from our net-level delegation, this is an important session. It is an opportunity for the industrialized democracies to make a collective statement on the direction of the world economy and the policies we are prepared to pursue to meet today's economic challenges—and tomorrow's.

I believe we will find broad agreement among ministers on fundamental issues. OECD economies have proven resilient after the October market crash and are generally performing well, but we do face important challenges—strengthening our open trading system, reducing structural rigidities in and among economies and, for Europe, tackling high levels of unemployment. These two issues are closely tied and the knowledge is increasingly recognized by our European partners.

There is less consensus when we move to the specifics of trade and agriculture. The U.S. is seeking in Paris a strong impetus for progress at the midterm review of the GATT [General Agreement on Tariffs and Trade] Uruguay Round, scheduled for December in Montreal. At the top of our agenda is long-term, market-oriented agricultural reform, which is essential if we are to end costly and inefficient farm programs and eliminate constant debilitating trade disputes with Europe. Our partners take a much more cautious approach, but I believe we will close the meeting tomorrow with a strengthened commitment to concrete results in December.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

NATO Nuclear Planning Group Meets in Brussels

The Nuclear Planning Group of the North Atlantic Treaty Organization (NPG) met in Brussels April 27-28, 1988. The United States was represented by Secretary of Defense Frank Carlucci III. Following is the final communiqué issued on April 28.

The NATO Nuclear Planning Group (NPG) met in ministerial session at NATO headquarters, Brussels on 27th and 28th April, 1988. Iceland attended as an observer. We discussed a variety of security matters pertaining to NATO's nuclear forces, such as arms control negotiations, the implications of the INF [Intermediate-Range Nuclear Forces] Treaty, the status of implementation of the 1983 Montebello declaration, the activities of several study groups and future NPG work.

2. Our discussions were pursued in the context of the commitments expressed in the Declaration of the NATO Summit of March 1988. The Heads of State and Government of the Alliance noted that, while there are encouraging signs of changes in the policies of the Soviet Union and some of its allies, they had witnessed no relaxation of the military effort pursued for years by the Soviet Union and that this massive force, much greater than required for defence, constituted a fundamental source of tension between East and West. We reaffirmed the long-standing Alliance commitment to a balanced security policy embracing both the strategy of deterrence, based on adequate military strength, and constructive dialogue and cooperation with the East, of which arms control is an inte-

gral part. They also expressed their determination to ensure the continued viability, credibility and effectiveness of an appropriate mix of conventional and nuclear forces, including nuclear forces in Europe, which will continue to be kept up-to-date where necessary.

3. For the foreseeable future nuclear forces will continue to play an integral role in providing for deterrence against all forms of aggression, and their presence in Europe is therefore essential. We recalled the framework established in Montebello in 1983 to maintain a credible nuclear deterrent posture at the minimum necessary level of weapons. This has allowed us to reduce the number of NATO's nuclear weapons to the lowest level in twenty years. At this meeting, we have reviewed and re-validated this framework, taking into account our security requirements, arms control developments and the formidable array of capabilities deployed by the Warsaw Pact. We have confirmed that the forces remaining after the INF Treaty must be kept survivable, responsive and effective, and structured in an adequate and balanced way. In that regard, we reaffirmed our continuing support for national efforts to meet requirements stemming from Montebello. We also endorsed our step-by-step approach towards the measures necessary to achieve our objectives and have provided further guidance on the way ahead. This ongoing process will continue to be pursued in accordance with our comprehensive and integrated concept for security and arms control as it is further developed. This will in no way undercut the real reduction in

NATO's nuclear weapons resulting from the implementation of the INF agreement.

4. The recently concluded INF agreement between the United States and the Soviet Union is a milestone in our efforts to achieve a more secure peace at lower levels of arms. The solidarity and determination of the Alliance members have made the achievement of this long-standing NATO arms control objective possible. We looked forward to the early entry into force of this agreement. But, while eliminating an entire class of nuclear weapons, it will not prevent the Soviet Union from continuing its evident force modernization and improvement efforts which build upon its advantages in other areas, including conventional and chemical and those nuclear forces not covered by the agreement. We nevertheless expressed the hope that this treaty indicates a fundamental and lasting change in Soviet policies towards a constructive and more stable political as well as military situation between East and West. In that connection, we fully support the United States position in the START [strategic arms reduction] negotiations aiming at a 50% reduction in the strategic nuclear arsenals of the United States and the Soviet Union and would welcome rapid progress in that area.

5. We accepted with pleasure the invitation of The Netherlands Government to hold our next NPG ministerial meeting in The Netherlands in Autumn 1988.

6. Greece has expressed its views in a statement included in the minutes. ■

FY 1989 Request for Foreign Assistance Programs

by Alan Woods

Statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on April 26, 1988. Mr. Woods is Acting Director of the International Development Cooperation Agency (IDCA) and Administrator of the Agency for International Development (AID).¹

It is a pleasure to appear before you to present the Administration's FY (fiscal year) 1989 proposed program for foreign economic assistance.

The overall fiscal framework established by the budget summit in November has challenged us to formulate a budget request that will meet our country's highest priority foreign policy and economic assistance objectives with extremely limited resources. Because of these fiscal limitations, our FY 1989 request is essentially straight-lined from FY 1988.

A combination of critical foreign policy needs that must be met through the foreign assistance budget, changing country requirements, and severely limited budgetary resources demands that we look very carefully at our whole program to ensure that we are pursuing our objectives in the most effective way.

Foreign aid is critical to the achievement of U.S. foreign policy objectives—objectives which are inextricably tied to the economic health of our country. The economic growth and development of other nations is clearly in the interest of the United States—just as it is in the national interest of the countries to which we provide assistance. Domestically, however, these linkages often are understood poorly, particularly in times of overall budget stringency.

Benefits to the United States

Political stability based on economic stability in, for example, the Middle East and Central America is basic to U.S. national security interests. Without U.S. assistance, the prospects are grim for economic growth in many Third World countries that are increasingly important to us politically and as trading partners.

The returns on U.S. investments in the economic growth of other countries are demonstrable. Some of this investment began 40 years ago. Today, Western Europe and Japan, helped by the United States following World War II, are economically sound—they are our allies—and they are also leading consumers of U.S. exports.

Dramatic progress has also been made by early recipients of U.S. economic assistance that began about 25 years ago. Korea, Taiwan, Brazil, and Greece are examples. Many countries that received U.S. assistance when they were "developing" are now "newly industrialized." As such they have become important trading partners of developed countries and they are also in a position to help other less developed countries (LDCs).

Our foreign aid investments over the past 25 years have resulted in significant economic benefits to the United States.

- Taken together the developing and newly industrialized countries purchase more than 35% of all U.S. exports.

- For 1987, exports to these nations were worth \$81.6 billion to the United States.

- Our sales of manufactured goods to developing nations are impressive. In 1987, 34% of our earnings in America's top export line—machinery and transport equipment—came from sales to developing countries.

High rates of economic growth in other countries for the last several decades have benefited U.S. farmers. Developing countries' agricultural imports from the United States increased 15-fold from 1970 to 1981.

- Of the 50 largest buyers of U.S. farm goods, 21 are countries that used to receive PL 480 food aid from the United States.

- Korea now buys as much from U.S. farmers in 1 year as it received in its 25 years as a PL 480 recipient.

Benefits to LDCs

U.S. foreign aid brings substantial improvements in the quality of life in LDCs. As a result, our assistance is

one of the most important means of promoting the humanitarian ideals and democratic values of the American people.

Without our food aid, an estimated 20 million people would have died in sub-Saharan Africa in one of the worst droughts in history. Americans are justly proud of their role in this emergency relief, and we will continue to respond to such needs in the future. The challenge from this experience is to help countries develop to the point where they can survive their short-term crises and resume strategies aimed at growth and development rather than continue to depend on large amounts of external relief.

There are many sustained improvements in the quality of life in LDCs with which we are proud to have been associated:

- Substantial progress toward reducing world poverty and improving basic conditions of life. Between 1960 and the early 1980s GNP [gross national product] per capita in developing countries, excluding China and the high income oil exporters, rose by 75%.

- The reduction of child mortality by one half;

- The elimination of smallpox from the world;

- The entrance into primary school of the majority of children in developing countries;

- A 10-20 year increase in life expectancy in the Third World;

- The ability of many couples throughout developing countries to voluntarily plan the number and spacing of their children.

A Strategy for Economic Development

A strategy for broad-based and sustainable economic development includes a number of critical and mutually reinforcing elements: a political and economic climate in which economic growth can occur; a vital private sector; the human capital necessary for productivity; institutional structures that will sustain growth and broaden participation of the people; access to technology with which to improve productivity, health, and communications; and, a national capacity to manage rather than

ally exploit resources—financial, natural, and human.

I would like to cite some successful examples of AID's strategy upon which we intend to build in the future.

Economic Growth. The first element in our strategy is a sound economic policy climate to stimulate growth and promote efficient resource use. Many economic problems in developing countries result from economies controlled by the government and hindered from the operation of market forces. Through experience, AID has identified and targeted for change specific policies which are detrimental to growth in developing countries.

- Price control policies, protectionist trade regimes, and regulations which limit broad participation in the economy or shield government-owned enterprises from private sector competition all work against the nations which apply them—while offering these nations the illusion of being in control of their economic destiny.
- Instead of harnessing the entrepreneurial energies of their people, many of these nations are driving their entrepreneurs underground, as a recent study in Peru and anecdotal information from many other countries attests.

The trends toward economic policy reform have already been embraced by some developing countries, for example, Nigeria, without donor involvement. However, the transition to a more appropriate economic policy environment requires difficult decisions that many governments predictably resist. Recognizing this, the United States and other donors must include in their assistance strategies measures to ameliorate the short-term consequences of policy reform, while at the same time improving indigenous capacity to analyze policy problems and alternatives and to manage the reform program. Our African economic policy reform program is attempting to do just that in several countries, by providing temporary balance of payments and budgetary support, along with technical assistance and training in support of significant reform programs.

Substantial progress has been made in adopting economic policy and institutional changes necessary for growth in a number of countries including: Bangladesh, the Dominican Republic, Costa Rica, Ecuador, Guatemala, the Gambia, Ghana, Jamaica, Indonesia, Tunisia, Senegal, Swaziland, and Mauritius.

In Bangladesh, policy reforms have stimulated economic growth while also meeting the needs of the poor. For example, PL 480 Title III food aid has been used to elicit important operational and policy changes that encourage farmer production. Food subsidies to segments of the population have also been cut by up to 75%. Buffer stocks and distribution management have been used to stabilize prices and make food more affordable to the rural poor. Prior to the recent floods, wheat production in Bangladesh was dramatically increased and near self-sufficiency in rice production had been achieved.

As a result of other reforms, associated with the Fertilizer Distribution Improvement Project, farmers in Bangladesh are now paying more reasonable prices and using more fertilizer to produce more food and increase their incomes. When AID-sponsored analysis revealed that fertilizer subsidies and government marketing costs threatened to absorb the country's entire agriculture budget, Bangladesh officials instituted reforms to encourage participation by private fertilizer retailers. These private entrepreneurs significantly expanded the reach of the distribution system at competitive prices.

Guatemala now has an impressive record of successful economic reforms and an improved business climate. The country is on a tenuous but credible path back to sustainable, positive economic growth rates as a result of these reforms. Inflation has been brought down from more than 30% in late 1986 to under 10% in 1987. Foreign debt repayments have been kept current. The exchange rate has remained stable for more than 15 months. From January to June 1987, foreign investment was up by \$90 million over the same period in 1986. The Bank of Guatemala reports a 2.5% growth rate for 1987—only the second positive real GDP [gross domestic product] growth rate in 5 years.

Private Enterprise. Most governments in all parts of the world have begun to realize that their public resources will never be adequate to provide all the goods people need or the kind of income and employment opportunities that are key to sustained economic growth. Policy changes that open up new opportunities for the operation of market forces both domestically and internationally are essential to provide the climate within which to increase the private sector involvement in development. In addition to encouraging such

policy reforms, AID is working directly with the private sector to produce increased incomes, self-sustained employment, and higher standards of living. Our commitment to this focus is exemplified by a wide range of activities in such areas as investment and export promotion, management and skills training, credit and financial markets development, and technology transfer.

Jamaica has made major strides in restructuring its economy for growth, following 7 consecutive years of economic decline. Major government enterprises have been sold to the private sector, eliminating a major drain on the government budget, and the tax system has been greatly improved. As a result, the economy is now recovering, and unemployment among job seekers has fallen below 10% for the first time in more than a decade.

Human Capital. The beneficiaries of economic growth are people. Those same people are also the human capital for that economic growth. The economic and political climate must engage the energies of people and offer productive employment opportunities that allow individuals the means to contribute and to provide for themselves and their families. Without education, skills, and technology, people in developing countries are handicapped in their attempts to improve their own lives and to participate in and contribute to the economic growth of their societies. AID projects to raise the level and quality of education, health, and participation in society are a direct investment in the human capital of a country and an important part of its overall economic growth strategy. Countries such as Jordan, Tunisia, Taiwan, and many others have grown exceptionally rapid over the past three decades, meeting the needs of their citizens much more effectively and equitably than most of their neighbors. They have done so by investing in strategies which improved health and education and relied on relatively free markets and private initiatives.

AID has given particular importance to education in areas such as Central America and the Caribbean. Though many qualitative and administrative problems remain, most countries have made major progress toward full enrollment. In Honduras, El Salvador, and Costa Rica, for example, most children are now enrolled and almost 60% complete primary school.

Botswana, an example from a very different part of the world, has moved rapidly from few educated people at independence to a situation today in which most children can expect to complete at least primary school and planners are beginning to worry about how to match school graduates with available jobs.

Institutional Structures. Our aid is also directed toward strengthening the institutional structures that are critical to sustainable development and democratic processes in developing countries.

In some countries, such as Kenya and Indonesia, we are working to liberalize the financial system and strengthen the capital markets and stock exchanges. In many of the Caribbean and Central American countries, we are supporting business and trade associations that help the private sector present its views to host governments. We have also provided funding for trade and investment promotion groups that promote trade between U.S. and developing country private enterprises.

The rural savings project, initiated in 1982 to address credit constraints to small farm producers, has shown that the mobilization of local savings could not only strengthen rural financial institutions, but also provide local, and therefore, sustainable funds for lending. Moreover, transaction costs to farmers distant from banks were too high, due to the expenses of transportation, lodging, and time lost from work—all burdens required of farmers in order to secure a loan. The project recommended approaches that capitalized on local informal institutions, connecting them with a second tier of credit unions, thus reducing costs and increasing reliability of credit delivery to remote small farmers. These approaches have proved successful in locations as diverse as Honduras, Bangladesh, and Niger.

Institutional strengthening has been successful in other arenas as well, such as the activities to improve democratic participation in the Central American countries of Guatemala, Honduras, El Salvador, and Costa Rica. These efforts are intended to achieve economic stability and renewed long-term growth, to promote broader participation in development, and to strengthen democratic institutions and respect for human rights, thereby consolidating the region's progress toward democracy and helping to deal with the underlying sources of social and political unrest.

Changes become permanent only when a broad segment of society values them and benefits from them. That is why we work so hard to ensure that the people who need to be involved in creating change are actually involved. We know that in many situations, it is the women of a country who play a critical role in institutionalizing new behavior—on the farm and in businesses as well as in the family. Our programs must reach them and engage their energies.

Technology. Through our assistance programs, we are making available and more accessible technology, developed by the United States, that can make a critical difference in productivity, health, and communications. The development of a malaria vaccine, the institutionalization of the use of oral rehydration therapy (ORT) for treating diarrheal disease, "the green revolution" in agriculture, and access to education through radio in remote village areas evidence the importance of technology to the survival and quality of life of millions.

The technology for oral rehydration has been successfully institutionalized in Egypt with AID assistance. In 1979, AID undertook an experimental ORT program that cut the infant mortality rate by 40% in just a few months. A subsequent \$36 million AID project begun in 1981 and extended through 1990 has helped to extend the program nationwide. The oral rehydration salts are packaged by a private Egyptian firm; 60% of the packets are marketed through private pharmacies and over 90% of pharmacies now have oral rehydration salts available for sale.

Capacity to Manage Natural Resources. Most developing countries depend principally on their renewable natural resource endowments for economic growth, and will continue to do so for the foreseeable future. Yet the resources essential to economic growth in developing countries are threatened by rapid population growth; extreme poverty; resource tenure problems; pollution of the air, water and soil; short-sighted economic policies; and economic and political instability. The agency's central environmental objective is to promote environmentally sound, long-term economic growth by assisting developing countries to conserve and protect the environment and manage their exploited resources for sustainable yields.

A salient example of the types activities supported by AID to achieve this objective is the Regional Integrated Pest Management Project in Central America. This project strengthens national and regional capabilities for integrated pest management, the control of pests that destroy crops using a variety of techniques that minimize application of chemical pesticides. As a result farmers can cut production costs while maintaining or increasing yields. In addition to increasing income and improving sustainability, a reduction in pesticide use also has the potential to improve local water quality and improve health by reducing exposure to pesticides.

This integrated strategy for achieving broad-based and sustainable economic growth and improving the quality of life in developing countries is reflected in our FY 1989 request.

FY 1989 Request

For the FY 1989 bilateral economic assistance programs, AID is requesting an authorization and appropriation of \$5,485,651,000 for development assistance and the economic support fund (ESF).

The FY 1989 request reflects agreement between the Administration and the Congress on overall levels in the bipartisan budget summit. Although essentially straightlined, the FY 1989 budget reflects slight increases in ESF, the education and human resources account (Section 106) and the private sector, environment and energy (Section 106) account. Critical ESF funds in a number of base regions and Caribbean, Central American, and Andean countries were cut or eliminated in FY 1988. Some funding has been restored for the Caribbean and Andean countries in the FY 1989 request. The education and 106 accounts are particularly important to our ability to continue certain priorities which the Congress shares—in the case of education; basic education efforts and participant and regional training; in the case of Section 106—to permit continued support of PVOs [private volunteer organizations], funding for energy, environment, and private sector development activities.

The FY 1989 request reflects significant effort on our part to take fully into account congressional concerns as to the appropriate mix of programs within that agreed ceiling, as reflected

the FY 1988 continuing resolution. The resulting budget request for FY 1989, we hope, will persuade Congress to provide the Administration a greater degree of flexibility in the programming of funds in FY 1989 as a result of agreement on the basic priorities of the foreign assistance program.

Development Fund for Africa

In FY 1989, AID is requesting \$510 million for the Development Fund for Africa (DFA). In FY 1988, Congress approved the Administration's request for a special funding mechanism for sub-Saharan Africa to replace the traditional functional account divisions (as well as the Sahel Development Program account) and provide for greater flexibility in addressing the complex problems that continue to beset that continent. We believe that this fund will also be a forerunner of the future direction for AID overall.

With the establishment of the Development Fund for Africa, AID has the latitude it needs for a broad-based growth strategy. We intend to use this flexibility to make our program more performance based by shifting resources to countries and programs where results are being achieved and to integrate nonproject and project resources in a more coherent package. In an effort to prioritize, the FY 1989 request is based on a further shift in resources toward the more populous countries, the poorer countries and those that are most committed to creating an environment in which growth and development can take place.

Other Functional Development Assistance

The agency's FY 1989 request for the functional development assistance program outside of Africa totals \$1.140 billion. The comparable FY 1988 appropriated level is \$1.161 billion.

Agriculture, Rural Development, and Nutrition

The appropriation of \$461,062,000 (not including agriculture activities funded under the Development Fund for Africa) is requested in FY 1989 for the agriculture account compared to a FY 1988 appropriation of \$488,715,000. In FY 1989 agriculture, rural development, and nutrition program focuses on increasing the incomes of the poor

majority and assuring the availability of food, while maintaining the natural resource base. This is based on recognition that efforts to address virtually all development problems, including hunger, infant mortality, disease, illiteracy, and inadequate shelter will be frustrated unless rural incomes increase sufficiently to stimulate sustained economic growth. Activities are designed to: increase farm and nonfarm employment and income; promote private agricultural marketing and distribution systems; develop sustainable improved agricultural technologies; encourage market-oriented, efficient low-cost production of food and other crops on small family farms; provide targeted food assistance to children and women in low income families; and incorporate sound nutritional and food consumption principles into the design and implementation of agricultural and rural development activities.

Examples of activities we expect to fund in FY 1989 in Asia and the Near East and Latin America and the Caribbean include: agricultural research in Bangladesh (\$3 million), Pakistan (\$5 million), El Salvador (\$5 million), and Honduras (\$4.8 million); irrigation management and training in India (\$3 million) and Pakistan (\$5 million); and forestry and watershed management in India (\$5.6 million), Costa Rica (\$5 million), and Haiti (\$5.3 million).

Population Planning

AID is requesting \$190,940,000 for population assistance in FY 1989, not including population activities funded under the Development Fund for Africa. This compares to \$197,940,000 appropriated for the population account in FY 1988.

Initial estimates for FY 1989 indicate that 80% of the population budget will be directed to family planning services; 8% is planned for data collection and policy analysis, 6% for operational and biomedical research, and 6% for specific information and training initiatives.

In FY 1989, AID's program will assist in improving the management and cost-effectiveness of public and PVO programs. We will continue to pursue private sector approaches to voluntary family planning, including assisting firms to add family planning to the health services offered to their employees. Natural family planning, the transfer of policy analysis technology to

population and development planners, and the use of mass media channels to communicate messages about responsible parenthood remain an important part of the portfolio. As in the past, no AID funds will be provided to foreign nongovernmental organizations that promote or perform abortions with funds from any source or to organizations that support or participate in the management of programs of coercive abortion or involuntary sterilization.

Health

For FY 1989, AID requests a total of \$210 million in funding for health-related activities under three separate accounts. Of this amount \$114,000,000 is in the health account. This amount is exclusive of health activities funded under the Development Fund for Africa. This compares to \$119,000,000 appropriated in FY 1988.

In FY 1989, AID will support major health projects which contain child survival components in Bangladesh, Yemen, Nepal, and Honduras. The project in Honduras will also fund rural water and sanitation activities. In the Dominican Republic, health funds will be used for a private sector health care project to create a private sector delivery system that provides basic health services, including child survival interventions.

Centrally funded health projects include the Water and Sanitation for Health Project and the Vector Biology and Control Project. Health funds will support research on development and field testing of a malaria vaccine; on diarrheal disease; on tropical diseases, including onchocerciasis; on aging in LDCs; and operations research to improve management and cost effectiveness of child survival and other health programs.

Child Survival Fund

AID is requesting \$66,000,000 for the Child Survival Fund in FY 1989, the same level as appropriated in FY 1988. The Child Survival Fund is used for oral rehydration therapy, immunization, birth spacing, and focused child nutrition activities including breastfeeding. In addition, other interventions that contribute substantially to child survival in some countries, such as treatment of malaria and acute respiratory infection in young children, are supported with Child Survival funds.

In FY 1989, AID will support a competitive grants program for U.S.-based PVOs to undertake child survival projects in child survival emphasis countries. Additional funds will support the Rotary International PolioPlus immunization campaign. We will continue to support the Latin America and Caribbean regional effort to strengthen immunization programs, in cooperation with other donors (PAHO [Pan American Health Organization], UNICEF [UN Children's Fund], Rotary, and the Inter-American Development Bank).

Several major centrally funded activities will support child survival efforts worldwide. The Technology for Primary Health Care Project will provide technical assistance and logistical and financial support for ORT and immunization programs, as well as assistance in health care financing. Child Survival funds will support major bilateral projects in several child survival emphasis countries in FY 1989, including Pakistan, India, Bangladesh, Peru, and Honduras.

AIDS Prevention and Control

For AIDS [Acquired Immune Deficiency Syndrome] prevention and control \$30 million is requested. This funding will support the WHO [World Health Organization] global program for AIDS (\$15 million); funding for Latin America and the Caribbean (\$3 million); and centrally funded AIDS projects at \$12 million. Funds will be used for the global AIDS technical support project to provide short- and long-term technical assistance, training, operations research and commodities, and equipment to countries on request in Africa, Asia and the Near East, and Latin America and the Caribbean. Continuing database and modeling activities and condoms for AIDS prevention will also be supported. Direct bilateral and regional AIDS prevention and control activities will continue to be supported under the Development Fund for Africa.

Education and Human Resources Development

AID is requesting \$129,541,000 for FY 1989 education and human resources programs, exclusive of those funded under the Development Fund for Africa. This compares to \$117,000,000 appropriated for this account in FY 1988.

About 40% of the request will support training for administrators, managers, scientists, and technicians.

About 30% supports elementary, secondary, and adult education; 9% vocational-technical training; and 7% labor programs. The balance supports planning and research, PVO programs, women-in-development, and other human resources development activities.

About 53% of the FY 1989 request will support programs in Latin America and the Caribbean, where there is a major emphasis on participant training as well as attention to strengthening basic schooling and skills training systems. Approximately 39% will support participant training, education, labor, and PVO activities in Asia and the Near East. The remainder of the request, about 8%, will provide central bureau support for research and development, evaluations, administration of participant training, women-in-development, and PVO programs.

Private Sector, Environment, and Energy

AID is requesting \$135,957,000 in FY 1989 for the 106 Account, not including \$8,662,000 for the Office of the Science Advisor. This compares to \$129,371,000 appropriated in FY 1988. Neither year includes programs funded under the Development Fund for Africa.

The 106 Account provides assistance to stimulate sustained economic growth by supporting the development of market-oriented economies and by mobilizing developing country human and capital resources. This account provides funding for activities designed to encourage the adoption of sound economic policies which stimulate private enterprise, mobilize domestic and foreign capital, and encourage the privatization of production and service activities which can most efficiently be performed outside of the public sector. It also assists countries in meeting their long-term energy needs and in addressing environmental problems in urban areas. The flexibility of 106 Account funds has been invaluable to AID's privatization initiative. The presence of an economic and political climate that encourages individual productivity, human rights, and the management of natural resources is essential to long-term sustainable economic growth.

Unlike the other more narrowly focused functional accounts which are designed to address specific development problems related to population, health, agriculture, or education, the 106 Account supports programs that

provide the foundation required to sustain and expand the output of goods and services in all economic social sectors. Thus, activities supported by the 106 Account complement the more targeted assistance provided by the other functional accounts.

Specifically, categories of activity funded under this account include:

- Support for private enterprise development and efforts to reform government policies and institutions;
- Research and technical assistance activities to alleviate energy constraints to development;
- The promotion of human rights and democratic initiatives;
- Support for the activities of private and voluntary organizations and cooperatives; and
- Environmental activities in urban areas.

These activities together with funding for policy reform efforts and the program development and evaluation activities of regional bureaus and field missions account for about 80% funding in this account.

In addition to supporting economic and political policies, the 106 Account also assists countries to meet their long-term energy needs. Energy is essential for development. Developing countries cannot expand their economies without adequate, affordable, and reliable supplies of energy services. Agriculture, industry, transportation, commercial activities, and the provision of many social services depend on energy. Without increases in energy services, political and economic stability is threatened, private entrepreneurship lags, and the development engine slows dramatically.

The 106 Account makes a small but significant contribution to AID's environmental activities through support for urban environmental activities. Economic growth is inextricably linked with a country's natural resource base and environment. Protecting the environment and managing natural resources assure a supply of raw materials and the maintenance of environmental systems that are necessary for sustainable development. Activities funded through 106 help developing countries improve regulation of hazardous chemicals and promote industrial health and safety.

Projects and activities which will receive funding from the 106 Account in 1989 include an industrial production technology project in the Dominican Republic to expand the production capabilities of small- and medium-sized enterprises. The project will rely upon the International Executive Service Corps and commercial banks. In El Salvador a privatization project will provide technical assistance, training, and other support to the Government of El Salvador to help it in the privatization of government-owned enterprises. The Rural Electrification Project continues to strengthen the institutional and technical base needed to reach the 35 of rural Central Americans who have no access to electricity. The Energy Policy Development and Conservation Project will support prefeasibility studies in economically viable systems, such as clean coal technology and energy efficiency and will improve the management of environmental impacts and risks associated with energy production. The Environmental Planning and Management Project strengthens the capabilities of developing country institutions to better manage and conserve their natural resources for sustainable development.

Economic Support Fund

For FY 1989, AID is requesting an appropriation of \$3.281 billion for the economic support fund. The request is up or slightly from the FY 1988 appropriated level of \$3.201 billion. The increase is necessary in view of serious cuts we were forced to take in this account in FY 1988. In Central America, Jamaica, and the Dominican Republic, where we have restored support we were forced to eliminate in FY 1988 which had funded economic reform, expansion of the private sector, and continued participation in the Caribbean Basin Initiative. Portugal and Turkey were cut in FY 1988, and our FY 1989 budget includes minimum funds for these base priority countries. This request will increase funding for Andean countries to permit support for struggling economies and to support narcotics control efforts. Key elements of the FY 1989 ECF request include: continued efforts to achieve peace and stability in the Middle East through economic aid for Israel, Egypt, Jordan, the West Bank and Gaza, and regional cooperation activities among Israel, Egypt, and other neighboring countries; economic assistance to base rights and military ac-

cess countries such as the Philippines, Turkey, Portugal, and several in Africa; economic reform in the Dominican Republic and Jamaica; assistance to Central American democracies for the achievement of economic stability and growth and strengthening their democratic institutions and respect of human rights.

Operating Expenses

For FY 1989, AID requests \$414,000,000 in new budget authority for its operating expense appropriation. This represents an increase of \$8.0 million over the FY 1988 appropriation and a reduction of \$12 million from the FY 1988 request. The FY 1989 request includes less than the amount necessary to cover inflation and the recent rapid increase in costs, especially in Africa, as a result of the declining value of the dollar. Currency devaluations have a major impact on our ability to cover the administrative costs of operating overseas. AID is looking for ways to realize savings through management improvements and changes in the way the agency conducts its overseas program.

The Challenge for the Future: An Agenda for the 1990s

Despite striking progress by some countries, economic growth is stagnating in many developing countries. In some countries the economic base is actually deteriorating—and individual incomes are declining—as a function of negative growth rates over the past 5 to 10 years. Neither educated guesses nor straightline projections of past trends really tell us what will happen in the future. Nevertheless, projections can suggest quite vividly what could occur if existing trends persist. A continuation of recent and current rates of economic growth in developing countries will result in an even greater gap between their levels of income and those of developed countries. One thing is certain: without growth, the quality of life in developing countries is not going to improve on a sustainable basis.

Targeted development assistance programs have helped to improve life expectancy in these situations, and to increase the likelihood that children will be protected against major diseases and have a minimal education. These gains are important, but in and of themselves, they are not enough and under stagnating or deteriorating economic conditions, they may not be sustainable.

Despite what we know about the common threads that tie together the economic growth and development experiences of diverse countries, and about what are the most important elements of an economic growth strategy, there is much that we do not know. The critical point is that each country is unique and the type and timing of the interventions to implement a growth strategy must be tailor-made for each country situation.

The country-by-country approach to development entails not only some risktaking and experimentation, but also flexibility in where, when, and what type of assistance we provide. Flexibility in our funding allows us to invest in the right opportunities at the right time and to target our assistance based on actual country performance.

The Development Fund for Africa reflects the kind of mechanism that is best suited to the implementation of such a strategy. It is designed to implement programs that integrate structural economic reforms with specific assistance projects in traditional development areas. With the fund we are able to follow up on successful policy dialogue undertakings by supporting positive performance in a particular country.

A Strategy for Advanced Developing Countries

Our investment must not stop with the very poor countries, although it will be different in those which have reached a certain level of development. As a result of 25 years of foreign assistance, there are now a number of advanced developing countries (ADCs) that no longer need the type of economic assistance they once received from AID. Their relationship with the United States has not ended, but it has changed.

We are now developing a strategy that will be the basis for more productive bilateral relationships between the United States and a selected group of advanced developing countries, such as Brazil and Mexico. In addition we will focus on assistance strategies to help those countries approaching ADC status do so more quickly, while laying a strong institutional foundation for a mature ADC relationship. These new relationships would facilitate the eventual transition from traditional U.S. economic assistance programs to a different type of assistance designed to

preserve and extend valuable bilateral institutional linkages. We have already initiated ADC programs in several Latin American countries, which strengthen the ties established earlier between U.S. and host country institutions while securing nongovernmental funding to support common efforts in the exchange of science and technology.

The evolution from a relationship dominated by an economic assistance program to one that is varied and complex is not easy, but now is the appropriate time to develop such a strategy. We want to consult Congress on this initiative at the appropriate time.

Conclusion

Although the remaining challenges of economic development are sobering, foreign assistance has brought substan-

tial accomplishments as well as a wealth of experience upon which to base investments in future progress.

We need to forge a new consensus on foreign assistance that will allow us to meet the particular needs of individual developing countries that will at the same time unite the Congress, the executive branch, and the people of America behind foreign policy objectives and foreign aid. I look forward to working with you in this effort.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Secretary Meets With Israeli Foreign Minister

Secretary Shultz's statement following his meeting with Israeli Foreign Minister Shimon Peres on May 17, 1988.¹

I've just finished now about 5 or 6 hours I guess altogether, over the last couple of days, with the Foreign Minister, my friend, Shimon Peres. Much of our discussion has been about the peace process. So, I'd like to make a statement about it.

At President Reagan's request, I will return to the Middle East in early June in order to continue efforts to bring about negotiations. The United States is for comprehensive peace achieved through negotiations. The people of the Middle East require peace. The situation is not improving, and the *status quo* remains unacceptable. So, I am returning to the region to reaffirm our belief that a workable avenue to peace exists.

Surely, the odds against a breakthrough are high. Pessimism and cynicism run deep. But the United States will keep moving forward. We have a plan—the only plan on the table—and we will pursue it. Some have tried to say the plan won't work, but they have failed. The plan can work. It can bring about negotiations. It can help achieve peace.

Our plan for achieving comprehensive peace through negotiations rests on the solid and internationally accepted basis of UN Security Council Resolutions 242 and 338. All of Resolution 242's provisions and principles—including its promise of an exchange of territory for peace—will apply to each negotiation between Israel and its neighbors. Bilateral, direct negotiations between Israel and the Arabs can begin soon.

Negotiations between the Israeli and Jordanian-Palestinian delegations are central, reflecting the historic relationship between Jordan and the Palestinian people. The initial challenge will be to formulate transitional arrangements. Political and economic authority will pass from Israel to Palestinians, and Palestinians will—for the first time in their history—be able to exercise real authority over political and economic decisions that affect their lives.

These negotiations will be interlocked with negotiations on the final status of the West Bank and Gaza. That is, final status negotiations will begin on a specified date, before transitional arrangements are implemented. This will give both sides the confidence in

the process required for successful negotiations. The negotiations will be launched by a properly structured international conference, attended by five permanent members of the Security Council and the parties to the conflict. This conference will facilitate negotiations—not interfere with them—impose a settlement, or veto agreements reached bilaterally.

This process of negotiations will achieve what is needed in the Middle East. Palestinians will achieve their legitimate rights through negotiations which they will participate actively. In this way, they will be able to enjoy life of security, dignity, and freedom. Israelis will achieve the recognition and security which they deserve. The Arabs will achieve an end to a conflict which drains resources that should be directed at human and economic development.

But this plan requires partners willing to participate. Each party faces a simple but historic test: stop what you are doing for a moment and consider whether you want to continue down the road of animosity and violence, or whether your energies would be better directed at the tough road to peace. Take a look at what you might miss. Consider whether you want to lose out on another opportunity to make peace.

So, we will continue our work on this realistic plan. We will continue work actively and creatively with an eye prepared to work with us.

This readiness to engage—creatively and constructively—marked talk with Shimon Peres today, as it marked our collaboration in the past. Peace is not a matter of choice; it is a matter of necessity. Israel—strong and secure as it is now—can be stronger and more confident in implementing agreements reached through negotiations with its Arab neighbors. I appreciate Foreign Minister Peres' commitment and resolve to achieve a good negotiating process, and I look forward to continuing our efforts together.

¹Press release 94. ■

U.S. to Extend Protection to Neutral Ships in Persian Gulf

Statement by Secretary of Defense Frank Carlucci on April 29, 1988.

The President has decided to provide assistance under certain circumstances to ships in distress in the Persian Gulf and Strait of Hormuz in keeping with our longstanding, time-honored Navy and maritime tradition. Such aid will be provided to friendly, innocent neutral vessels flying a nonbelligerent flag, outside declared war/exclusion zones, that are not carrying contraband or resisting legitimate visit and search by a Persian Gulf belligerent. Following a request from the vessel under attack, assistance will be rendered by a U.S. warship or aircraft if this unit is in the vicinity and its mission permits rendering such assistance. With this assistance, we anticipate no increase in our current force levels.

We are not the policemen of the gulf, nor do we wish to be. For over 200 years, U.S. policy has been to help provide freedom of navigation in international waters. This assistance is a local and humanitarian outgrowth of recent events in the gulf which further strengthens our adherence to this principle. We cannot stand by and watch innocent people be killed or maimed by vicious, lawless actions when we have the means to assist, and perhaps prevent them. We do not intend to describe our specific rules of engagement or the methods we plan to use in rendering this assistance. We see no reason to give advantage to those who wish us ill.

Canadian Acquisition of Nuclear-Powered Submarines

DEPARTMENT STATEMENT,
APR. 27, 1988¹

As you know, last year the Canadian Government announced its intention to acquire a fleet of 10 to 12 nuclear-powered attack submarines.

The Canadians further announced that they would make a decision this year between competing British and French submarine design.

U.S. involvement will be required if the Canadians select the British design for their submarines. This is because the nuclear propulsion plant for the British Trafalgar-class submarine is derived from U.S. technology furnished to the United Kingdom under the 1958 U.S.-U.K. agreement for cooperation on the use of atomic energy for mutual defense purposes.

As a result, the British formally requested U.S. assurances that, if the Canadians select the British design, the United States would allow the transfer of the necessary technology.

After careful review of the views of his senior advisers, the President has determined that, if the Canadians select the Trafalgar design, the interests of the United States are best served by agreeing to the British request. We have so informed both the British and Canadian Governments.

I should stress that the President's determination was made only because of the unique circumstances involving the United Kingdom and Canada, two of our oldest and closest allies. U.S. policy remains opposed to the transfer of nuclear submarines to other nations.

¹Read to news correspondents by Department spokesman Charles Redman. ■

With regard to mines, I have consulted with our allies who were attending the nuclear planning group meeting in Brussels last week. We all agreed that we should provide each other mutual support and cooperation in the interest of keeping the international waterways free from this threat.

Finally, this policy should not be construed as a tilt in either direction in the war. Our policy has been and will continue to be one of strict neutrality. We, along with the rest of the civilized international community, want this war to end. In this respect we support strongly implementation of UN Security Council Resolution 598 and passage of a second resolution imposing an arms embargo on that belligerent that does not accept 598 as a means to reach diplomatic settlement of this tragic war. We also want to see an end to the wanton waste of human life that has characterized this war. In that regard, we especially deplore the use of chemical warfare by either belligerent which has become one of the most regrettable developments in this protracted conflict.

This policy will go into effect once we have informed those free world, nonbelligerent countries that maintain shipping interests in the gulf. ■

Essential Ingredients in the Fight Against Terrorism

by L. Paul Bremer, III

Address before the Commonwealth Club in San Francisco on May 12, 1988. Ambassador Bremer is Ambassador at Large for Counter-Terrorism.

It is a pleasure to speak to you today about terrorism, a worldwide problem that periodically seizes the world's attention as it has in the past few weeks. The dramatic hijacking of a Kuwaiti airliner—and bombings in Italy, Spain, Afghanistan, and Lebanon—all serve to remind us that terrorism is still very much a part of the international scene.

Over the past

2 years, we have made considerable progress in the fight against international terrorism. The number of incidents has decreased significantly in some areas, and state sponsorship of terrorism is down. Fewer Americans have been killed. More terrorists have been arrested and convicted by courts from Paris to Ankara, from Rome to Tokyo.

In 1987 the number of anti-U.S. attacks worldwide was 25% lower than in 1985. International terrorism in Latin America dropped 32% in the same period. Terrorism is steadily declining in Europe, falling 31% there in the past 2 years. There were only two terrorist hijackings in 1986, and only one last year, which is the lowest number we have recorded since we began keeping tallies 20 years ago. The recent Kuwait Air hijacking, which is still fresh in our minds, was a deadly and professional operation. It is still being investigated to determine how the weapons got on board. But it has been the only terrorist hijacking so far this year.

In spite of these successes, the overall number of terrorist attacks rose last year to over 800, making 1987 the worst year ever. It was also the bloodiest year; more persons were wounded in terrorist attacks than ever before—well over 2,000. Over 600 persons died in terrorist attacks.

Clearly, the problem of international terrorism is very much with us, and it will certainly last for years to come. The modest successes that our country has enjoyed have given us some perspective on fighting the problem. We have an idea of what works and what

does not work. And we know what kind of a policy is needed. This is what I want to discuss with you today.

There are three essential elements to any successful counterterrorism strategy: good intelligence information about the threat, the capacity to act on the basis of that information, and the political will to take action. America has recognized the need for these ingredients and has put together a strategy based on them.

Good Intelligence

The fundamental underpinning of a counterterrorist policy is good intelligence—or information—about the terrorists, their plans, and their capabilities. Without solid and timely intelligence, no government can formulate policies and take effective action against terrorists.

We need to know things like:

- Which terrorist groups are we dealing with?
- What are their political goals?
- Who are the members?
- What are their nationalities and ages?
- How and why were they recruited?
- How well armed and trained are they?
- Do they carry out their threats?
- Where are their bases of operation?

Terrorists operate in the shadows. They change their names, rearrange their internal loyalties and groupings, and change operating areas with frustrating frequency. They take great pains to cover their movements and make their weapons untraceable. Their tightly knit structure maximizes secrecy and minimizes the chance that information about the group or its planned operations will leak out.

But another factor makes it even more difficult to get information about terrorists. That is the support which many terrorists get from state sponsors. Nations like Iran, Libya, Syria, and North Korea use terrorism as an integral part of their foreign policies and provide extensive support networks for their operatives. These networks can give the terrorists training, false

passports, forged travel documents, transportation on state-owned airlines and safe houses. And, of course, it is more difficult for us to get good information about terrorist groups when they hide under the protective umbrella of a nation state.

In order to uncover and unravel these networks, two types of intelligence information are available to us. The technical kind, such as spy satellites and secret detection equipment, provides some useful data on terrorists. But the most useful information comes from human intelligence—agents who penetrate a terrorist group and other people who report on movements, activities, and planned attacks.

Penetrating terrorist groups—placing an agent on the inside—is extremely difficult. Terrorist organizations are secretive by nature; some accept members only people with a given ethnic, religious, or even family background. Even then, the "entry fee" join can be very high. For example, Sendero Luminoso, one of the world's most highly disciplined and dangerous terrorist groups, operating in Peru, requires that before being allowed into the group, an aspiring new member establish his or her credentials by first killing a judge or policeman. Only a person that will their application for membership be considered. Obviously, this makes placing agents in such a group difficult or impossible. And in the case of the United States anyway, illegal

In spite of the difficulties, we have had some successes in recruiting agents in some terrorist outfits. Not all terrorist groups are as secure as their leaders would like to think.

Yet once we have agents in place the intelligence work has only begun. We will receive bits and pieces of intelligence, pieces of a puzzle. We may have a photo here, an overheard conversation there, two false passport numbers, and three airplane tickets. The challenge is to analyze the pieces and fit them together in order to get the whole picture in time for us to take effective counteraction.

It is rather like trying to do a jigsaw puzzle without knowing what the picture is supposed to look like. And the more help we can get putting the pieces together, the better. That is why

bring intelligence with our allies is so important. I will extend the picture puzzle analogy just a bit further: A puzzle with half its pieces in place is more than twice as comprehensible as one with only a quarter solved. Intelligence sharing helps us solve more of the puzzle faster than we could do alone.

For example, last November a pair of North Korean terrorists planted a bomb on a South Korean plane that had all 115 passengers aboard. We initially had very little information about who was responsible. The plane had been destroyed, and one of the suspects admitted suicide by swallowing poison following his arrest. However, after exchanging bits and pieces of information with a number of other countries, we were able to develop a complete travel itinerary of the terrorists, a history of terrorist training they received, details of how the bomb was supplied and planted, and direct evidence of North Korean culpability in the act.

But even without the complete picture, we can find useful information. For example, we might discover that a weapon found at an Irish Republican Army [IRA] shootout matches weapons that were manufactured in Libya. Or we might find that a newly appointed Iranian diplomat in a European country has a history of involvement in terrorism, dating back to the seizure of the American Embassy in Tehran. Or that a passport carried by a terrorist actually belongs to an innocent Tunisian citizen but which was confiscated by Libyan authorities and provided to the terrorist.

A recent bit of intelligence was used as evidence at a terrorist trial in West Germany. A ransom note demanding the exchange of a German hostage for a Lebanese terrorist carried the latent fingerprint of the terrorist's brother. When the brother flew to Germany, he was arrested and charged with hostage-taking. Just 3 weeks ago that man, Abbas Hammedi, was sentenced by German courts to 13 years in prison for his role in the hostage taking.

Recognizing the importance of information gathering to the fight against terrorism, Congress 2 years ago gave the State Department \$2 million for a program to offer rewards for information leading to the prosecution of terrorists for specific terrorist attacks. We intend to expand that program soon to include payment of money for information leading to the prevention of a terrorist attack against U.S. citizens or

property. This new program will be widely publicized both domestically and overseas and will, we hope, make it more dangerous for terrorists.

The increased cooperation and intelligence sharing with the United States and among European countries themselves has been a key factor in reducing terrorism in Western Europe by one-third since 1985. And our increased intelligence gathering and exchange has helped us prevent more than 200 terrorist attacks during the past 3 years.

Actions Speak Louder Than Words

No amount of intelligence information will help a government catch terrorists unless the government has the ability to act on that information. The second essential element in countering terrorism is the capacity to act against terrorists. This requires trained personnel and equipment that can do the job.

In the past 5 years, terrorism has become a matter of urgent concern not only to governments and policymakers but also to police, scientists, sociologists, historians, and the military.

The number and variety of counter-terrorist personnel may surprise you. They include:

- Analysts in the intelligence community, who can trace a pattern of attacks for a given terrorist group, develop *modus operandi* for terrorists, identify terrorists by name, and project trends;
- Technicians skilled in the field of communications, including people who can establish secure telephone lines through the use of tactical satellites for long-distance exchanges of classified information;
- Experts in forensics and ballistics and a multitude of other highly specialized fields who can examine clues in the aftermath of a terrorist attack;
- Policy officers, like those in my office who meet regularly with their counterparts in other countries to foster cooperation and to coordinate actions;
- Negotiators skilled in hostage negotiations whose main task is to resolve a situation without loss of life, to gain time, wear down the terrorists, and withhold substantive concessions; and
- Specialized military counterterrorist units, which become invaluable when attempts to resolve a situation without violence fail.

The United States actively recruits people in all these fields. We develop and offer specialized training where needed. Getting the most qualified personnel is a top priority for us, and although the cost is substantial, we believe the benefits we get in return justify our commitment. As cooperation with foreign governments has increased, the United States has been able to draw from its reservoir of well-trained analysts and technical specialists to help foreign governments investigating terrorist attacks. Just last week, we had about a dozen experts in Kuwait helping that government collect evidence on the Kuwaiti Air hijacking.

Often the efforts of these people are only as good as the equipment with which they work. The equipment that is needed to fight terrorism includes:

- Research laboratories to examine evidence and to develop new ways to detect explosives;
- All types of defensive equipment to thwart terrorist attacks, such as concrete barriers, shatter-proof glass, armored vehicles, X-ray machines, and bomb-sniffing dogs;
- Sophisticated computers that can store complete databases on terrorists and can read digitized fingerprints; and
- The full range of offensive equipment, such as special weapons, surveillance devices, night vision binoculars, and eavesdropping gear.

Not all nations engaged in fighting terrorism have all these personnel and equipment available to them, but most Western democracies do. The allocation of funds to pay trained personnel and to buy and maintain the proper equipment is clear evidence of a nation's commitment to fighting terrorism.

The United States is committed to helping other countries get the best personnel and equipment. For example, my office is responsible for offering antiterrorism training assistance to friendly nations so that they can better defend themselves and American interests located in their countries. During the last 3 years, we have trained over 6,000 civilian law enforcement authorities from 50 countries. We also help to coordinate similar training programs offered by allied governments to eliminate overlap.

In addition, my office manages a congressionally funded research program to develop new, practical ways to identify, track, and apprehend terrorists. The aim of the program is to

anticipate potential new tactics by terrorists and to improve existing technology to thwart them.

Among other subjects, we are currently funding research:

- To help us better detect and more rapidly and safely disarm explosives;
- To meet the menace of chemical and biological attacks; and
- To provide our hostage rescue forces with better weapons and equipment

Counterterrorism research and development is a new and challenging field. Our effort involves 25 government agencies as well as private companies and universities.

Political Will Must Be Present

All the intelligence, manpower, and equipment are to no avail if a government is not willing to use them. Political will, therefore, is the third essential element in fighting terrorism.

Twenty years ago, most of the West clearly lacked the political will to confront terrorism. Countries reacted to the new wave of terrorism in a confused way. We were on the defensive against both domestic and international terrorists. Some governments believed that appeasement was the answer, and some even made quiet deals with the terrorists, offering not to disturb the terrorists in exchange for the terrorists' pledge not to commit attacks on home turf.

By the end of the 1970s, however, the outrage at terrorist acts slowly began to turn the tide of opinion in the West. Increasingly, people realized that nothing justified the wanton slaughter of innocent civilians. Public pressure forced governments to face the problem and to develop the political will and a coherent strategy to oppose terrorism.

In the past few years, the West has made important measurable progress in developing a coherent counterterrorist strategy and the required political will to carry it out. The U.S. military strike against terrorist facilities in Libya was the watershed. Immediately thereafter, European governments began to show an increased willingness to fight terrorists. Two years ago, the nations of Western Europe, in a major show of collective political will, closed down Libya's terrorist infrastructure of embassies, "businessmen," and "students." Several months later, after Syrian support for terrorism was proven in two

well-publicized trials in London and West Berlin, the European Community imposed a series of sanctions against Syria.

Confronting terrorist states with collective political will works—that is, it changes the behavior of states using terrorism. Libyan-sponsored attacks dropped by two-thirds last year. Syria expelled the Palestinian terrorist Abu Nidal from its borders last year, and we have detected no direct Syrian involvement in terrorist attacks for the past 18 months.

Because of the West's growing counterterrorist consensus, terrorists are also finding it harder to get refuge and overt support. For example, the Abu Nidal Organization was expelled from Iraq in 1983 and from Syria in 1987. In Eastern Europe, efforts have been made to disrupt a network of enterprises of the Abu Nidal Organization. Newspaper stories about the terrorist links of a Syrian family named Qassar, notorious for arms trafficking with terrorists, have led to action against them by Spain and Austria last year. Colonel Hawari, the infamous leader of the special operations group of the Palestine Liberation Organization [PLO], was expelled from Iraq in June 1987. When he subsequently entered Yugoslavia illegally, he was expelled from that nation.

More Needs to Be Done

Still, the record of action against terrorists remains mixed. There is plenty of room for improvement. Three areas come to mind.

We have all read accounts of purported "deals" in order to gain the release of hostages. These undercut Western solidarity in meeting terrorism head-on. In other instances, some countries, such as Austria, are reluctant to act vigorously against Libyan diplomatic missions, even when they are caught red-handed supporting a terrorist action. Some European countries accredit ambassadors—notably from Iran—who have well-documented records of personal involvement in terrorist actions, such as the seizure of the U.S. Embassy in Tehran.

As we fight terrorism, we must remember some important facts.

First, there is no cheap or fast way to prevail. As with crime, the scourge of terrorism cannot be entirely eradicated, and as we make gains in one area, the terrorists have proven their ability to shift tactics and threaten other areas.

Second, it is important to be firm against terrorists, for behavior rewarded is behavior repeated. Making concessions to terrorists only encourages more terrorism. The policy is strongly supported by the people of this country and by most Western democracies.

A policy of firmness is not easy, especially when it involves American hostages and when it appears that concessions will lead to their release. But the government has an important responsibility to the general public, all of whom would become more vulnerable to hostage-taking were we to reward the kidnappers in Lebanon. As Thomas Jefferson said when he counseled against the ransom payment demanded by the Barbary pirates in 1787: "This is cruelty to the individual now in captivity, but kindness to the hundreds that soon would be so, were we to make it worth the while of the pirates...."

And finally, we must be willing to take risks, even to risk tactical failure in order to gain strategic advantage. We cannot become, as Secretary Shultz said, "the Hamlet of nations." We must be ready to undertake bold efforts. There is an important place in our counterterrorism policy for covert actions and, where necessary, for military action. The American raid against terrorist targets in Libya was full of risk. We lost two American pilots during that raid. But the raid was a watershed event in the West's fight against terrorism. It catalyzed the Europeans to warn terrorist sponsors.

Conclusion

We have learned at the cost of blood and treasure what works and what does not work in dealing with terrorism. And we know that each of the three elements I have described—intelligence, resources, and political will—is necessary but not by themselves sufficient to suppress terrorism. This understanding has shaped our policy, and is paying off.

Our progress has been uneven, but we have made progress. I expect we will continue to show gains as we meet against international terrorism. But we must understand that suppressing terrorism is a long-term business. There are no simple knock-out punches. But we continue to devote resources to countering terrorism and, most important of all, if we maintain our political will, we can, in the long run, prevail.

High Technology Terrorism

by Paul Bremer, III

Statement before the Subcommittee on Technology and the Law of the Senate Judiciary Committee on May 19, 1985. Ambassador Bremer is Ambassador at Large for Counter-Terrorism.

It is a pleasure to appear before this committee to discuss the Administration's assessment of the threat presented by high technology terrorism and to brief you on the Administration's response to that threat. Throughout my testimony, I will use the committee's definition of high technology terrorism: "the actual or potential use of advanced or sophisticated technology by terrorists to achieve their objectives."

With your permission, I propose to address the first two questions you posed to the Administration; the use of sophisticated technologies to conduct this kind of terrorist attacks we have just seen and the possibility of terrorists turning to weapons of mass destruction—nuclear, biological, or chemical weapons.

Recent Use of Older Technologies

Age is almost defined by technological advance. The transistors that were the marvel of the 1950s are passe. Much of this testimony was written on a home lap-top computer which would have filled an entire room 20 years ago.

Yet terrorists mostly use weapons technologies developed 50–100 years ago—pistols, hand grenades, and machine guns. State Department figures show that the bomb remains the terrorists' preferred weapon. Consistently over the past 20 years, 50%–60% of all terrorist incidents have been bombings, most of which have used explosives and detonators available for decades.

Terrorists generally use the simplest technology available for their attacks. There are solid reasons for them to do so.

- Simpler technology is less expensive and often more reliable.
- Low tech equipment is easier to obtain and attracts less attention. A bomb made from agricultural chemicals may not be as powerful as one made from the latest plastic explosives, but anyone can buy and transport a truck-

load of fertilizer without arousing suspicion. More important, the operatives who carry out the attacks need less training with low tech equipment.

• Finally, the older weapons and technologies are as effective now as they have been in the past. Terrorists continue to receive wide-ranging publicity for their attacks using older or simpler technology and weaponry.

As the targets originally preferred by terrorists have become "harder"—that is to say, better defended—terrorists have usually switched targets rather than turn to new technologies to penetrate defenses. When an embassy is too well protected, terrorists may switch to unprotected individuals or businesses associated with the target country. Or they may decide to attack the same country's embassy in another nation.

The phenomenon of target switching has been particularly notable in attacks against civil aviation. As enhanced security on flights to Israel made it difficult to smuggle weapons into the cabin, the Japanese Red Army and the Popular Front for the Liberation of Palestine (PFLP) switched targets. Rather than try to seize an aircraft, they checked their grenades and machine guns and attacked passengers in the baggage claim area of Israel's international airport. After examination of checked baggage became more common on high-risk flights, targets were switched again and the check-in counters were attacked, for example by the Abu Nidal group at the Rome and Vienna airports in December 1985. More recently, in Karachi, terrorists chose not to confront security measures in the terminal at all and, instead, stormed a Pan American airplane from the tarmac.

In short, there is no persuasive evidence yet that the availability of higher technologies has led to their automatic or widespread use by terrorists. In fact, in each of the incidents mentioned above, the terrorist weapons of choice remained largely the same—handguns, automatic weapons, and hand grenades.

New Technologies Are Available

There are, however, no grounds for complacency about the utilization of modern technologies. Several terrorist

groups have used sophisticated batteries and integrated circuits to improve the timing devices used on bombs. The Provisional Irish Republican Army bomb intended to kill Prime Minister Margaret Thatcher at Brighton Beach 3 years ago used a long-delay timing device (days rather than hours). Terrorists have also used more sophisticated trigger mechanisms for bombs, using radio signals instead of wires leading from the device to a switch. The Greek terrorist group, November 17, used this technique to attack a U.S. military bus last year.

In some cases, the bombs themselves have changed. The Czech plastic explosive Semtex, more powerful and less detectable than traditional explosives, is becoming very popular with those groups which can gain access to it. Lebanese terrorist Mohammed Ali Hammadei, accused of helping direct the hijacking of TWA #847 in 1985, was captured last year trying to enter the Federal Republic of Germany with the volatile liquid explosive methyl nitrate concealed in liquor bottles.

The Popular Front for the Liberation of Palestine-General Command (PFLP-GC) used a modern, but not especially sophisticated, technology when it launched an attack into Israel on motorized hang-gliders. One group in the Far East has used frequency-jamming equipment to block police communications during its attacks, while another has constructed and utilized home-made mortars to conduct standoff attacks against buildings and other targets of interest.

There are other off-the-shelf modern technologies or products which have been or could be used by terrorists. Nonmetallic weapons made from polymers can cause problems for current detection devices. The terrorists know that certain kinds of explosives are much less susceptible to dogs and mechanical sniffers than others. Night vision devices and standoff weapons, such as mortars and rocket propelled grenades, could enhance terrorist capabilities and thus present greater risks. Lasers and high-powered microwave transmitters are also potential threats. Increasingly sophisticated and available photoreproduction equipment can make document forgery easier than in the past.

Dynamics of Weapons and Tactics

While we have some ability to track past uses of modern technologies, we cannot forecast with precision future uses. One thing we can do is watch the dynamic relationship between protective measures and terrorist targeting and tactics. Most of the terrorists' primary targets are better defended today. Secondary and tertiary targets are also being "hardened." So far when terrorists are presented with a well-defended target, they would rather switch than fight. But there may come a point at which our success in protecting current targets will drive terrorists to use new technologies.

Turning to new technologies does, however, present the terrorists some problems. Many of the newer technologies available require greater expertise than members of many terrorist groups now have. Some weapons, such as remotely piloted vehicles and rockets, require considerable space for testing and training. There are entire areas of the world where that much space is simply not available for use as a terrorist firing range. The costs of some new technologies would also be prohibitive for all but the largest and best-financed terrorist organizations.

The requirements for training, money, and test areas suggest that the terrorists most likely to employ the products of new technologies are those who already have, or who can acquire, state sponsorship. A sovereign state can dispense sums of money impossible for an organization to raise alone. And almost any country can provide training and testing facilities at a closed military base.

The need for technical expertise could most readily be overcome by terrorist groups whose programmatic objectives already attract to them highly educated individuals. For example, violence-prone elements in some anti-nuclear, extreme environmentalist, and animal rights groups might find among their members the expertise requisite to move to "high-tech" terrorism.

Nuclear, Biological, and Chemical Terrorism

Much has been said and written in recent years about the possibility of terrorists employing nuclear, chemical, or biological terrorism. Our government has confidential assessments on this topic which I would be pleased to discuss in closed session. For this hearing, I can make some general observations.

First, we should understand that there have not been any actual nuclear terrorist attacks, and we do not assess that as a likely possibility in the near future. Chemical substances, on the other hand, have been used for malevolent purposes by a variety of groups and individuals and must be considered as presenting a somewhat more likely terrorist choice.

While not an act of political terrorism, we can remember the poisoning of medicines which have caused deaths in the United States. Though no case in the United States has been traced to political terrorists, the possibility of terrorists ultimately using this tactic against us or other nations is sobering. There have been similar instances in other countries. Several years ago terrorists poisoned Jaffa oranges, which had a disastrous effect on Israeli citrus exports. More recently, a threat to poison the air in another Mediterranean nation with dioxin—which was later proven specious—initially caused grave concern.

According to our analysis, up to now there have been technical and psychopolitical constraints on the use of nuclear, biological, and chemical terrorism.

Technical constraints are especially important when considering nuclear terrorism. While the basic principles of nuclear weaponry are available in any research library, the actual acquisition of the correct materials and assembly of a workable nuclear device remains an immensely complicated undertaking. Moreover, handling nuclear materials can be extremely dangerous to the terrorists. In our view, few groups, and certainly none without considerable state support, have the technical capacity to acquire, fabricate, and employ a nuclear device.

Stealing an existing nuclear weapon is a theoretical alternative. However, our government has taken extraordinary precautions to protect against this possibility. It is also conceivable that a state could make a nuclear device available to a terrorist group. However, we also judge this as a remote possibility.

Development of biological and chemical weapons present similar although less compelling technical constraints. The major problem here is that the raw materials with which to construct at least a crude chemical or biological device are more readily available to the terrorists than are the materials and equipment needed to develop a nuclear weapon.

For example, virulent biological agents can be grown or acquired from a variety of sources. Toxic chemical materials are, of course, widely available through manufacture or theft in most open societies. Poisonous gases and chemicals are routinely transported through many countries to support essential economic activities. The accident at the Union Carbide plant at Bhopal, India, demonstrates how deadly modern chemicals can be. A liberate terrorist attack against such plant or possibly against the transportation vehicles conveying such materials anywhere in the world might have disastrous consequences.

Psychopolitical Constraints on Terrorists

Of course technical barriers can eventually be overcome. However, there always may be some psychopolitical constraints to terrorists' use of such weapons. The fundamental question is whether terrorists will actually act to cause mass casualties—a thousand or more in a single incident—through the use of nuclear, chemical, or biological terrorism.

Many experts point out that terrorist actions may disgust us, but that they are not without a certain logic. Many terrorist acts are intended to accomplish specific political goals in both the short and longer terms. For many groups, the long-range goal is often attainment of power in a new or existing sovereign state. These experts believe that terrorist groups have not and will not resort to using weapons causing mass casualties because such an attack would do severe damage to their long term goals. Put another way, a credible threat to kill 100,000 people in a major city may get a terrorist colleague out of prison. But the general revulsion engendered may make establishment of the new political order impossible, especially if mass casualties occur.

While there is a certain logic here, we should also recognize that terrorists with the technical sophistication to use weapons of mass destruction may well also have the political sophistication to protect their long-range goal while acting in the nearer term. For example, terrorists could overcome technical constraints on using such weapons simply by downscaling the initial weapon so that it produces only a low or moderate number of casualties. This would offer a demonstration of the credibility and lethality of their threat to inflict mass casualties later if their demands are not met now.

Moreover, some terrorist groups are already showing little aversion to inflicting large numbers of casualties. The radical Sikh and Tamil elements, the PLO groups in Lebanon, and Sendero Luminoso in Peru have used conventional weapons in attacks in which hundreds have died. These groups may be more hesitant than others about switching to even more lethal weapons. Or, if world opinion becomes jaded, these or other terrorist groups could move to transform their terrorism to attract attention.

Finally, of course, chemical weapons are known to be in the hands of states such as Iran and Iraq which have practiced terrorism. The world community has shown little outrage at the recent use of chemical weapons by both Iran and Iraq in their war. Perhaps a psychological barrier has already been broken for terrorists to use them.

What Are We Doing About the Threat?

The Administration's response to the threat of high technology terrorism is reflected in the Inter-Departmental Group on Terrorism (IG/T), which I chair. This is because the President has designated the State Department as the lead agency on international terrorism. Its interagency group has directed intelligence analysis into the potential threat from high technology terrorism. The IG/T has also worked to coordinate the U.S. Government's policy response, especially concerning research and development efforts to counter nuclear, biological, and chemical threats.

Under IG/T leadership, we are pursuing an aggressive research and development program on emerging technologies which could be used by terrorists or by those fighting terrorism. A distinguished panel of scientists has helped the IG/T identify and prioritize over 70 projects for research. These projects are concentrated in areas where there seems to be no private sector initiative on readily available funds; from other government agencies. Our program, funded through a State Department account, has so far allocated \$17 million to 22 different projects.

Our concept is to use our limited funds as seed money. Once a project

has proven viable, we seek to turn responsibility for project followup to the appropriate government agency. We have concentrated our research and development efforts in five main areas. Two of these in particular may be of interest to this committee. Specifically, we have devoted a great deal of effort to developing means to detect newer varieties of explosives and detonating mechanisms. We are also attempting to discover new methods and equipment to detect chemical and biological agents.

In the past year, we have begun a program to coordinate our research and development efforts on high technology terrorism with research in like-minded countries. To date we have proposed such activity with the United Kingdom, Canada, the Federal Republic of Germany, and Japan. This effort is still in its initial phase, but I am hopeful that it will yield high dividends in future years.

We have also established a Nuclear Biological Chemical (NBC) Working Group. This specialized group is examining our government's capacity to respond to nuclear, biological, and chemical threats. While I cannot go into detail in open session, I can assure you that the Federal Government has substantial capacity to respond to threats of nuclear terrorism.

We are working to develop similar capacities to respond to chemical and biological threats. The NBC working group has also developed an active program of exercises to test our response capability. Various exercises have involved the Federal Government alone, the Federal Government coordinating with State and local government, and the Federal Government acting with other countries.

What Remains To Be Done?

The relative scarcity of high tech terrorism up until now gives us no basis for complacency. While I have offered some views about relative threat levels, I must emphasize to you that assessments grounded on predicting terrorist behavior cannot be taken as protection. There is too much uncertainty.

It should be clear that to some extent there is a race between terrorist adaptations of new technologies and the development and application of countermeasures. A key factor will be the U.S. Government's ability to conduct research into countermeasures quickly and effectively. I believe it only prudent that we devote more money to these research and development efforts.

There are also ways in which Congress can help without straining the Federal budget. We should work together to examine the possibility of requiring that taggants be included in all explosives, weapons, and ammunition manufactured in or imported into the United States. Such a measure would greatly simplify efforts to detect concealed explosives and weapons and improve our ability to investigate terrorist acts which have already occurred. We should also explore the possibility of taggants for detonators.

Congress has before it pending legislation which would help control the importation, production, and possession of nonmetallic firearms. This is an area of special concern to the airline industry, indeed to the entire counterterrorism community. I urge quick and favorable congressional action on this legislation.

Conclusion

I congratulate the committee for its initiative in convoking these hearings to examine the risks of high technology terrorism. While the counterterrorism community's assessment is that current risks are modest, the long-term picture is much less clear. One of the ironies we face is that successful protection of more and more targets may drive terrorists to use higher technologies. That is why it is so important that we work together to turn the new technologies to our advantage in fighting terrorism.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Policies for the Americas in the 1990s

by Richard S. Williamson

Address before the Economic Commission for Latin America and the Caribbean (ECLAC) in Rio de Janeiro on April 26, 1988. Ambassador Williamson is Assistant Secretary for International Organization Affairs.

I would like to take just a minute to note this 40th anniversary of the founding of the commission. This organization has the ability to provide clear, analytic, and insightful work to the countries of Latin America and the Caribbean. The need for such guidance has never been greater. We wish you great success over the coming years of your service to our hemisphere.

This 22d session of ECLAC is an opportunity to review the past four decades and the wide swings of the economic pendulum which have occurred. As ECLAC embarks on its fifth decade, we hope a consensus can emerge on the approach we must take to even out some of the economic swings and begin a steady climb of sustained economic progress. ECLAC can help solidify this consensus. ECLAC can help all of us to focus our efforts toward the difficult adjustments critical to economic development, toward greater private sector contribution to growth, and toward the development of strong capital markets in debtor countries.

Relationship Between Economic and Political Freedom

Underlying the strictly economic issues which we will discuss in this 22d session is the direct relationship and interplay between economic and political freedom. This is a basic tenet of U.S. Government policy.

For Latin America, the decade of the 1980s has been marked by profound political change. It is a decade where freedom has been on the march in Latin America. Democratically elected governments have come to power in 11 countries, replacing dictatorships or military regimes. Over 90% of the peoples of Latin America and the Caribbean now live under democratic regimes, as compared to only one-third in 1976. This profound advance for democracy is tremendously encouraging.

The acceleration of democratization in Latin America is exciting and vital. But it is not in itself sufficient. Even some believers in political democracy have misguidedly infringed upon economic and personal freedoms in the service of statist or other restrictive theories of economic life. The United States is committed to the proposition that economic freedom and political freedom are inseparably linked. President Reagan is personally dedicated to this principle, which is founded on the lessons of hard experience. The evidence of the failure of the statist model is seen whenever and wherever it is compared with one based upon individual freedom of economic choice.

This connection is clear in the experience of Latin America in the 1980s. The shift to democracy coincided with a period of economic difficulties that made the job of elected governments harder. Economic gains, particularly in per capita income, were eroded by falling commodity prices, global recession, and by internal debt servicing costs. Above all, democracies were beset by lack of confidence in their own economies by citizens who withdrew huge amounts of capital from the region. It became clear, more than ever before, that fiscal deficits could not be covered by foreign borrowing. Deficiencies in the economic policies of most governments in the region were identified as the root cause of economic instability, of the massive capital flight, and of stagnation.

The task of newly elected democratic leaders in consolidating democracy consequently has been complicated by the need to reduce and reorient the government's dominant role. Governments have begun to see the need to begin to shift to market-oriented policies in order to permit their citizens to produce at levels closer to their true potential. We should never underestimate the ability and resourcefulness of our citizens to work toward a better future. As governments, we must be sure that we don't stand in their way.

Sustaining Economic Growth

The serious debt problem is symptomatic of the general economic difficulties confronting debtor countries. However, a narrow focus on the debt burden alone too often has obscured and distracted attention from the underlying

and more important issue—how to put our economies on a path of noninflationary economic growth which is sustainable over the long term. For this reason, the "international debt strategy" places emphasis on the measures needed to achieve that kind of growth. The meetings of the Interim Committee and Development Committee of the World Bank, just concluded in Washington reaffirmed the importance of continuing a case-by-case approach to debt problems. The Interim Committee stressed the importance of maintaining open growing markets for debtor countries, exports and timely financial support to facilitate the pursuit of growth-oriented adjustment policies in debtor countries.

Clearly, the debt problems of the region remain of fundamental concern to us, and we recognize that a stronger cooperative approach must be continued to address these problems. Economic growth is the basis of that approach. The context of comprehensive program of reform supported by adequate financing to support the reform process. An international strategy to address the problems of the region is a dynamic evolving one. The development of a "menu" approach to commercial bank financing packages provides additional flexibility for both new financing and new debt conversion techniques. And while all of us would wish for faster progress, the results to date have been greater than generally realized. According to the World Bank, growth last year for the five major debtors globally averages 2.5%–3% versus 2% negative growth in 1983. Export earnings rose sharply last year to 13%, imports were up 7%. Debt service ratios have fallen, and, in some cases, capital flight has begun to be reversed. And while growth in a few countries faltered last year, we expect the implementation of sound economic reform programs will allow for sustained growth in the period ahead. We expect the international environment to remain supportive with another year of solid global growth; near 3% in industrial countries and 3.5% or more for non-oil LDCs [less developed countries]. Industrial country inflation will remain low, and global trade volume will continue to expand.

In this context, the policy prescriptions which we make here today are based on recognition that a free market is the most efficient and productive model. The functions of a dynamic market require a sound macroeconomic setting: realistic exchange rates, greater fiscal discipline, market-determined pricing of goods and services, control of inflation, more liberal trade policies, and reducing other distortions which impede the function of the marketplace. We believe ECLAC should devote much more of its efforts to studying the introduction and implementation of these tried and true prescriptions. The market makes choices based on efficiency and effectiveness. A free market is the answer to achieving efficient and lasting long-term benefits, particularly in terms of more efficient use of resources, sustainable and demand-based growth, and greater flexibility in response to external change. A free market government can avoid responsibility for the future, for the well-being of the next generation and the welfare of the people. Time and again, the removal of such price controls has resulted in increased supplies, and eventually higher prices have then fallen—something we would expect from the operation of free markets.

Bureaucratic and legal constraints can prevent investment protect the firms present from operating in a market. However, the reduction of such constraints will permit the creation of new firms and in this way create far greater economic benefits. Increased employment, increase in worker skills, increased tax revenues, and a wider choice of goods and services for consumers are the result.

The hard experiences of the 1980s have prompted most countries in our hemisphere to take steps toward a consensus that economic growth requires a fundamental shift away from the statist approach. It is this emerging consensus which I believe will set the policy framework for the Americas (North, Central, and South) in the 1990s. For example, Mexico, supported by World Bank trade policy loans, has significantly reduced both tariff and nontariff barriers to trade, even surpassing Bank targets. Bolivia has undertaken a fundamental restructuring of its economy. Colombia, Chile, and Uruguay have eliminated many price controls and commitments to private sector activity. Costa Rica, the Dominican Republic, Honduras, and Jamaica have adopted free export-oriented policies which

U.S. Supports Security Council Resolution on Chemical Weapons

Following are a statement by Vernon A. Walters, U.S. Permanent Representative to the United Nations, before the Security Council on May 9, 1988, and the text of the UN Security Council resolution adopted that day.

AMBASSADOR WALTERS' STATEMENT¹

The United States fully supports this strong action by the Security Council. We condemn without reservation illegal use of chemical weapons by both sides in the gulf conflict. The report submitted April 25 by the Secretary General notes a recent alarming escalation in such use.

As the other Council members are aware, we have condemned in the strongest terms the recent use of chemical weapons in violation of the 1925 Geneva protocol. In particular, use of chemical weapons against noncombatants is an egregious offense against civilization and humanity.

We are also troubled by evidence that both Iraq and Iran are continuing to enhance their chemical weapons capability through acquisition of precursors for chemical weapons production. We continue to urge those states that have not already done so to adopt strict controls on the export of chemical weapons precursors to both parties.

It is imperative to act to prevent further erosion of existing international constraints on chemical weapons use. We reiterate our appeal to both sides to cease use of chemical weapons and to abide by the terms of customary and conventional international law, including the Geneva protocol to which they both subscribe.

The horror of this recent illegal use of chemical weapons underscores the urgency of achieving a negotiated settlement to the gulf war as soon as possible through implementation in full of UN Security Council Resolution 598, the agreed framework for ending this senseless conflict. We call on members of the Council to rededicate themselves to this vital effort.

UN SECURITY COUNCIL RESOLUTION 612²

The Security Council,

Having considered the report of 25 April 1988 (S/19823) of the Mission dispatched by the Secretary-General to investigate allegations of the use of chemical weapons in the conflict between the Islamic Republic of Iran and Iraq,

Dismayed by the Mission's conclusions that chemical weapons continue to be used in the conflict and that their use has been on an even more intensive scale than before,

1. *Affirms the urgent necessity of strict observance of the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare, signed at Geneva on 17 June 1925;*

2. *Condemns vigorously the continued use of chemical weapons in the conflict between Iran and Iraq contrary to the obligations under the Geneva Protocol;*

3. *Expects both sides to refrain from the future use of chemical weapons in accordance with their obligations under the Geneva Protocol;*

4. *Calls upon all States to continue to apply or to establish strict control of the export to the parties to the conflict of chemical products serving for the production of chemical weapons;*

5. *Decides to remain seized of the matter and expresses its determination to review the implementation of this resolution.*

¹USUN press release 41.

²Adopted by a unanimous vote. ■

have enabled them to take advantage of the benefits of the U.S. Caribbean Basin Initiative.

Over the past several years, the Central American democracies have adopted macroeconomic policies and programs designed to stimulate export-led growth generated by the private sector. The fact that the average real growth rate of these five countries improved from a negative 4% in 1982 to a positive 2.5% in 1987 is a remarkable achievement. Argentina, Chile, and Guyana have taken steps to make state-run enterprises more efficient and in some cases to convert them to more dynamic and productive private sector management.

Despite these and other examples, the process toward free market and growth-oriented policies has been slow and there has been some backsliding. It is difficult. This process forces hard choices and requires governments to tell some special interest constituents that favorite programs cost too much. However, evidence shows that where governments encourage, rather than hinder, the development of entrepreneurship, private initiative will point the way toward economic growth. The role of the government needs to be carefully limited and defined to provide a clear and level playing field for business activity. Privatization of state-owned enterprises is only one, but an increasingly important, means to achieve this end.

As we have seen many times, private investment—whether domestic or foreign—shies away from climates of instability and overregulation. The massive capital flight experienced by Latin American countries in the last decade was the result of unfavorable and shifting investment climates. It will be reversed only if the owners of capital believe that the rules have changed for the long haul. Likewise, foreign investment will follow adoption of sound economic policies.

The United States is prepared to assist in efforts to encourage flows of foreign investment capital, where investors are attracted by favorable domestic policies and business potential. We have ratified the newly created Multilateral Investment Guarantee Agency and support the agency in its efforts to direct equity capital to developing countries. We encourage those governments of the region who have not yet done so, to take a careful look at the potential benefits membership could offer to their economies.

Liberalization of financial markets and the development of strong capital markets in developing countries are es-

sential areas in which increased focus can reap large, significant, long-term benefits. For economic development to be self-sustaining, the financial sector must operate on a market basis and be capable of functioning efficiently, free of excessive regulation. Mobilizing savings, domestic as well as foreign, and the efficient allocation of these savings are critical to sustaining economic growth.

The Need for an Open Trading System

Finally, economic growth is strongly dependent upon international competitiveness. Developing country leaders are recognizing the costs and limitations of inward-looking trade policies. The benefits of import substitutions are quickly exhausted. Such policies leave as their inheritance high-cost industries which are confined to small domestic markets and dependent on high levels of protection.

Such a waste of economic potential is particularly tragic at a time when new technologies in production and information are revolutionizing the world economy. Our capacity for producing and distributing goods and services is changing and growing in ways unimaginable just a few years ago. Technology is creating an increasingly interdependent and specialized world economy. The benefits of participating in such an economy are large and growing. Attempts to live quietly and securely behind protectionist walls are a harsh sentence to economic stagnation, strangulation, and poverty.

The countries of Latin America and the Caribbean have the natural and human resources to play a major role in the world economy. Fortunately, a number of them have begun to take the steps necessary to fulfill their potential—more rational, more market-based, and more open trading regimes. Reduced protection and greater transparency in policymaking and administration of trade regimes will encourage more efficiency and innovation in production, improved competitiveness internationally, and improved allocation of domestic resources. There are costs to these policy changes. They disrupt entrenched interests and force adaptation and change. But the benefits are enormous. Real lasting economic growth will be achieved that far exceeds any transitory dislocation costs.

It is fortuitous that the current series of global trade negotiations is designated by the name of an ECLA country. The Uruguay Round serves a symbol of the contributions made by the region to the world economy and the need for greater participation in the international trading system. As countries of the region achieve greater development and trade competitiveness they have both the right and the obligation to participate more fully in the shared responsibility for the international trading system.

The Uruguay Round is aimed at major liberalization of trade barriers both in industry and in agriculture—sector which is of crucial importance to so many countries of the region. Clearly, developed countries have a responsibility to lead the international progress toward trade liberalization. At the same time, the countries of Latin America and other developing regions also have an increasingly important responsibility in this process, commensurate with their growing importance in the world trading system.

Another major objective of the round is to increase the effectiveness of the GATT (General Agreement on Tariffs and Trade), so that its rules are not only improved but also are respected more fully. Again, the advanced developing countries will have a crucial role in ensuring the implementation of agreed rules negotiated in the round.

Finally, the round is aimed at adapting the international trading system to the profound changes which technology has brought and will continue to bring to international economic exchanges. Trade used to be defined in terms of "a barrel of port and a bolt of cloth" moving between London and Lisbon. It now includes such exchanges as an electronic impulse sent by a computer in Kuala Lumpur to a computer in San Francisco or a set of technical specifications from an engineer in São Paulo to an engineer in Rome. The rules of the international trading system must adapt to these new dynamic types of trade. Developing countries have an enormous stake in ensuring that the benefits of technological innovation are exchanged as freely and competitively as possible.

The United States has long been a leader in the drive toward a more open and integrated international economic system. We remain strongly committed to resisting protectionist pressures, not only because we believe such a world best serves our own long-term interests

also because it is the surest and best route to long-term, self-sustained growth for the developing world.

Conclusion

My delegation came to the 22d session of the Commission of Economic and Social Affairs (ECESAC) because we remain concerned, engaged, and optimistic about the economic future of our hemisphere. The Commission has long pointed to the great potential which exists for many countries in the region and for the hemisphere as a whole. The United States is committed to help realize this potential through our bilateral relations and through multilateral institutions and organizations. We will continue our support for the international financial institutions evidenced most recently by the agreement on a general capital increase of the World Bank. We will continue to support and further the objectives of other international institutions as we strive to maintain a domestic market open to the exports of developing countries.

Our hope is that the governments of our Latin American and Caribbean neighbors will be able to use the available support to develop the untapped human, material, and financial resources of the hemisphere. To succeed, critically important economic policies to support sustained growth must be put in place. However, if we work together, we can look forward to realizing the potential for dynamic, sustained economic growth too long unfulfilled.

It is up to us, the members of the Commission, to insist that our organization meet the needs of the present and of the future—not those of times past. This can be an important forum for intellectual leadership to spur economic growth and advance human dignity.

I began my talk with a reference to the 40 years which have passed since the founding of this organization. I will conclude with the observation that the first inter-American conference, called by Simon Bolivar, met more than 160 years ago. There is no more fitting time to rededicate ourselves to the dream of the Americas. ■

FY 1989 Assistance Requests for Organizations and Programs

by Richard S. Williamson

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on April 13, 1988. Ambassador Williamson is Assistant Secretary for International Organization Affairs.¹

It is a pleasure to appear before you today in support of the President's fiscal year (FY) 1989 budget request of \$200 million for the "International Organizations and Programs" account. This request is a sound one. As you know, this account funds U.S. voluntary contributions to development, humanitarian, and scientific assistance programs of the United Nations and the Organization of American States (OAS).

Our request represents a modest 3% increase over last year's request but is below what was actually appropriated for FY 1988. The increase in our request arises from our sensitivity to the priority which Congress attaches to the programs in this account, tempered by a realistic assessment of what they can achieve and the Administration's commitment to maintaining the budget summit compromise reached with the Congress last year. We have done our best to include sufficient funding for the organizations usually included in our request as well as for several items added by the Congress in past years to our requests.

As you know, our contributions funded by this account are voluntary. As a result, the Congress and the Administration always have been able to exercise a greater measure of control over the size of the account as a whole as well as the amounts allocated to the individual components. Therefore, the key question before us today is—how can we best assure that the use of taxpayers' money for voluntary contributions promotes the interests and values of the American people? We have done our best to strike what we believe is a realistic balance in behalf of taxpayer interests.

My statement today will focus, first, on three general points: the diversity of the activities and programs in this account, the need for multilateral programs to address global challenges that no one nation can tackle alone, and

the direct benefit of those activities for U.S. citizens. I will then turn to a more detailed review of the account, weighing the importance and effectiveness of the programs against the four criteria which we have used to help assure that they do, in fact, serve significant U.S. interests.

Diversity of Account Activities

This account addresses some of the most critical global challenges of this decade. It ranges from the outstanding efforts in child survival of the United Nations Children's Fund (UNICEF), to the monitoring of ecosystems and storm systems of the World Meteorological Organization (WMO) and United Nations Environment Program (UNEP), to the efforts to harness nuclear energy safely and efficiently of the International Atomic Energy Agency (IAEA).

There are less well-known programs, which also affect important global issues. For example, the UN Capital Development Fund is helping the Government of Somalia to rehabilitate reservoirs which provide some 700,000 nomads and their livestock with water during the dry season. The UN Educational and Training Program for Southern Africa has tried, by awarding scholarships to college-age black South Africans and Namibians, to provide support to those opposed to apartheid. U.S. contributions to the UN Voluntary Fund for Victims of Torture provide medical and legal assistance to victims of oppression.

Need for a Multilateral Approach

U.S. voluntary contributions to international organizations are a small, but important, part of our involvement in the international system. In many instances, U.S. unilateral activity would not be as effective or have as broad an impact as does a multilateral effort. It would, in many instances, cost us more. For example, weather forecasting by WMO gives us fast, effective access to data from many other nations which we could not collect ourselves.

Multilateral programs are also able to operate in areas of genuine need where an identifiable U.S. program might be unwelcome. In addition, UN

agencies can often assume a coordinating role in urgent and sensitive situations. UNICEF has made an important contribution through its partnership with the international donor community in providing emergency relief in war-torn countries—far exceeding U.S. capability for outreach.

Because of UNEP's global approach to environmental issues, such as protection of the ozone layer and control of pollution of regional seas, including the Caribbean, we can maximize collective efforts to protect the international environment. The success of recent negotiations to protect the ozone layer is an example of the kind of problem that the United States cannot tackle alone.

Another example of the need to find multilateral answers to multilateral problems is the safeguards system of the International Atomic Energy Agency. By U.S. law, the United States is required to apply IAEA safeguards to U.S. nuclear exports. Without the international safeguards system, we would be forced by our own laws to implement our own safeguards system. Such a system would almost certainly be less effective. It would definitely be more costly than the current international system.

Under our budget constraints, and as OECD-nation [Organization for Economic Cooperation and Development] economic assistance to developing countries remains static, the effectiveness of UN system programs is more important than ever. U.S. contributions to these programs, though small by comparison with the billions the United States provides annually in economic assistance, give us considerable influence on the content and management of UN programs, making the United States a key voice in the way the international system addresses development problems.

Benefits to Americans

Too often there is a temptation to dismiss the international organizations and programs account as simply "foreign aid." Although it does indeed assist those abroad, it is important to underscore that U.S. citizens benefit directly and significantly from the activities funded through this account.

Many of the activities funded with international organizations and programs money (for example, training) are undertaken here in the United States, or use U.S. experts, services,

and equipment. A significant portion of this funding never leaves the United States, or it returns home to American pockets in the form of salaries or expenses. These economic and professional ties, moreover, have long-range implications. None of us can say with certainty just how many follow-on contracts have gone to U.S. firms, how many U.S. experts have been requested by name by other governments, and how much U.S. equipment has been purchased as a spin-off of U.S. assistance provided by international organizations and programs activities.

The FY 1989 Request

Let us now turn to a more detailed review of our request. Our congressional presentation for FY 1989 indicates proposed funding for each organization, including a comparison with last year's funding levels. As I noted at the outset, we have also made a concerted effort to ensure that funds appropriated for FY 1989 are used wisely to serve the interests of the American people. In considering activities for inclusion in our funding request, we have applied four criteria in screening these activities. I believe that these four criteria would enjoy broad support among the American people. According to these criteria, expenditures from this account should:

- Serve national interests that cannot be met more effectively through either unilateral or bilateral actions;
- Demonstrate tangible U.S. support for humanitarian activities;
- Encourage reliance on market forces and the private sector which are the real engines for development; and
- Reflect a cost-effective approach to implementation of projects and programs. The operational improvements which the United States has encouraged for organizations receiving our assessed contributions should apply also to those receiving our voluntary contributions.

In preparing our request, every effort was made to assure that the activities to be funded by our proposed contributions meet these criteria. I believe we have succeeded in our efforts. These agencies are generally responsive to U.S. concerns. We do believe, however, that most of the organizations in this account could do a much better job at hiring more Americans. We have

made this point consistently and will continue to work to assure equitable U.S. representation in these international organizations.

Keeping in mind these criteria, which helped to shape our budget request, I would now like to focus on individual programs within the account.

The largest item in the account is \$112 million request for the **United Nations Development Program (UNDP)**. This amount represents a significant increase over our FY 1988 request and reflects our longstanding policy to strengthen the UNDP as the primary source of funding and overall coordination for technical cooperation activities conducted by UN system agencies and programs.

Administrator William Draper, U.S. citizen, has strengthened the management reform effort begun by Brad Morse, your former colleague in 1985, aimed at improving program quality and strengthening its impact. The internal management review system that Administrator Draper has put in place, coupled with the increased oversight made possible by members through the UNDP Governing Council Working Group of the Committee of the Whole, has opened up new avenues for the improvement of program design, implementation, and financing.

Administrator Draper, with colleagues from both donors and recipient countries, is committed to addressing the tough management problems of far-flung field programs and making sure UNDP's activities make a measurable difference. One aspect of this concern is the dispersion of programs to many small activities. With this concern in mind, we have encouraged UNDP to focus its efforts. UNDP has been responsive to this concern in, for example, its careful review of its programs in Africa. UNDP can play a catalytic role and needs to retain a balance between flexibility and focus in its programming. UNDP is also playing an increasingly important role in the structural adjustment process in developing countries by helping them find, in conjunction with the World Bank, appropriate ways to address the social issues in the design of future structural adjustment programs and strengthening the capability of developing country officials to manage these complex programs.

The second largest item in our request is \$32 million for the **United Nations Children's Fund**. This is a modest increase of \$2 million over the

UN Security Council Resolution on South Lebanon

by Vernon A. Walters

Statement before the UN Security Council on May 10, 1988. Ambassador Walters is U.S. Permanent Representative to the United Nations.¹

1988 request. UNICEF's widely acclaimed, cost-effective measures in health—particularly immunization programs against the six major childhood diseases and the promotion and of oral rehydration therapy—are estimated to avoid up to 40,000 child deaths per week. The fund is also involved in other important—if less publicized—programs, such as water supply and sanitation. Our request reflects our dual commitment to substantive work of the organization and the necessity for fiscal constraint.

The third largest item in our request is \$24 million for the International Atomic Energy Agency. This request represents a 7.6% increase over our FY 1988 request. This increase continues our longstanding effort to restore the overall credibility and effectiveness of international nuclear safeguards. Approximately one-third of total U.S. voluntary contributions to the IAEA for FY 1989 will be spent in support of the safeguards system. This support is increasingly critical in light of growing demands on the IAEA for expanded safeguards coverage, due to the increasing number and complexity of nuclear facilities. Strong U.S. financial support for safeguards is essential to the effectiveness of this central element of international efforts to prevent the further spread of nuclear weapons or to be maintained. Although we strongly support the safeguards program, we have registered our concerns regarding the downward trend of U.S. personnel employed in the safeguards department. I personally have had discussions with Director General Blix on this subject, and he is well aware of my expectations in this regard.

Members of the Organization of American States look to the United States for support in what they consider to be their primary concern—technical assistance for development. Our request of \$15 million represents a 5% increase over our FY 1988 request. I believe it demonstrates the continued U.S. commitment to the inter-American system and will influence the level of support which the United States can expect from other OAS members on issues of concern to us, including respect for human rights, fair trade, private investment, and narcotics control.

Our request for \$6.8 million for the UN Environment Program is a significant increase over our FY 1988 request. The increase is a reflection of our satisfaction that UNEP's programs and ac-

The United States today has voted against the draft resolution on southern Lebanon. As we have explained on previous, similar occasions, we believe the Security Council should not address the problems of southern Lebanon in resolutions that fail to recognize the attacks and reprisals originating on both sides of the Israeli-Lebanese border.

The United States strongly supports the independence, territorial integrity, and unity of Lebanon. We have called publicly and repeatedly for the withdrawal of all foreign troops from Lebanon and the extension of central-government authority throughout the country. This is still our position.

We are deeply concerned by the recent heavy casualties, the devastation of property and displacement of individuals, and by the cross-border shelling and other activities in both directions.

The sad truth remains that as long as armed, extremist elements use southern Lebanon to stage terrorist attacks against Israel, the border be-

tween Israel and Lebanon cannot be secure. All those who provide funds and arms to militias and other groups that operate in southern Lebanon, while denying the authority of the central Lebanese Government, must share the responsibility for the continued instability in that area.

The United States is aware that armed Palestinian elements, supported by Hizballah and other groups, have made repeated attempts in the last 4 months to enter Israel from Lebanon to carry out violent acts. Therefore, we cannot accept a resolution that does not acknowledge the well-known fact that hostile acts against Israel are originating in Lebanon.

My government reaffirms its commitment to UN Security Council Resolution 425. We abhor the senseless loss of life and recurrent terrorist violence that afflict the lives of those on either side of the Israeli-Lebanese border who desire to live peacefully. We remain ready to work with all parties for the restoration of peace and security for both Lebanon and Israel. We continue to believe it is essential that there be agreed security arrangements to assure stability and security in this area.

¹USUN press release 44.■

tivities closely parallel U.S. interests and complement efforts to improve our own environment. We continue to believe that other donors must contribute a greater share and that we would like to see more Americans employed by UNEP.

For some years, U.S. payments to the International Fund for Agricultural Development (IFAD) have been included in this account. IFAD is nearing the end of its second replenishment period, and the \$2.5 million requested will complete our obligation. Negotiations for the third replenishment are getting underway, and they face many of the same problems that existed at the time the last replenishment was negotiated—specifically, the capacity of the OPEC [Organization of Petroleum Exporting Countries] to continue to share the burden with OECD donors. We continue to believe that IFAD has a unique and important role

to play in responding to the needs of small farmers and the landless poor. This role has increased in importance as developing countries, especially those in Africa, have recognized the need to take effective steps to revitalize their agricultural sector.

The World Meteorological Organization serves important U.S. economic and strategic interests by providing vital worldwide weather information through its World Weather Watch Program. These data would otherwise be inaccessible to the United States or available only through the establishment of costly bilateral arrangements. This information assists the United States in the military, commercial, and civilian sectors, through such capabilities as storm detection, agricultural forecasting, and the determination of international shipping and air traffic routes. To assist funding

this program, we are seeking \$2.0 million for FY 1989.

The request for \$1.8 million for **International Convention and Scientific Organization Contributions (ICSOC)** is related to the U.S. withdrawal from UNESCO [UN Educational, Scientific and Cultural Organization]. With the withdrawal, the United States no longer contributes its share of costs for some specific activities supported directly by UNESCO which significantly benefit U.S. domestic interests. The programs proposed for funding under the rubric "International Convention and Scientific Organization Contributions" protect the more important, direct benefits to American scientific, educational, cultural, and business communities—benefits which were formerly derived through U.S. membership in UNESCO. ICSOC will finance continued U.S. participation in critical UNESCO activities such as the Universal Copyright Convention, the Intergovernmental Oceanographic Commission, and the Man and the Biosphere Program. Additionally, we have included under the ICSOC request funding for two major international conventions on the environment, the **Vienna Convention on the Protection of the Ozone Layer** and the **Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region** and related protocols.

The **United Nations Capital Development Fund (UNCDF)** provides seed capital, on a grant basis, for small development projects using technology appropriate to community-based development activities. Because of their size, these projects are unlikely to attract financing by multilateral development banks. Our request of \$1.5 million will enable UNCDF to continue to assist in projects financed jointly with bilateral agencies and other multilateral institutions.

Our request of \$800 thousand for the **UN Educational and Training Program for Southern Africa**, coupled with our request of \$250 thousand for the **UN Trust Fund for South Africa**, provides tangible evidence of a U.S. commitment to peaceful change in southern Africa and a positive indication of our support for the forces opposed to apartheid.

Our \$500 thousand request to fund the **UN Industrial Development Organization (UNIDO) Investment Promotion Service** office in Washington,

D.C., does not represent an increase over last year's request, but does represent a sizeable increase over the amount appropriated. We have requested this increase because promotion of private sector development is a major U.S. priority both in international organization affairs and in development assistance. UNIDO's Investment Promotion Service provides one of the clearest examples within the UN system of the importance of private investment capital in the development process. The program stimulates the private sector in developing countries, which leads to increased markets for U.S. goods and services. A contribution of \$500 thousand to the Washington Investment Promotion Service office would, for the first time, fully fund the activities of the office.

In FY 1989, the **Convention on International Trade in Endangered Species (CITES)** will continue its role as a major contributor to international conservation efforts and the primary international mechanism governing international trade in wildlife. CITES will continue work on major projects such as the investigation of legal and illegal trade in key species. Our request includes \$200 thousand for CITES.

We have also included a request for the **UN Voluntary Fund for Victims of Torture**. Our contribution to the fund complements our objectives in the UN Human Rights Commission and U.S. bilateral human rights efforts. A U.S. contribution of \$100 thousand will help the fund expand to include some social services to torture victims and to their families along with its present emphasis on medical and psychological treatment.

I would now like to address three items included in our request, which the Congress has often added to our request in past years.

The first of these items is a contribution of \$200 thousand to the **United Nations Fellowship Program**. These funds will be used to reimburse, at essentially a token level, U.S. Government offices which administer placement of UN-funded trainees who come to study in the United States.

The next such item in our request is the **World Heritage Fund**. Our \$200 thousand contribution will assist nations to protect universally acclaimed cultural and natural sites from deterioration and destruction. I am pleased to announce that in 1987 with the inscription of Chaco Culture World Heritage Site in New Mexico; Hawaii Volcanoes

National Park in Hawaii; and the Monticello/University of Virginia Jefferson Thematic in Virginia, the United States now has the most sites inscribed on the World Heritage list.

The final item is our \$150 thousand request for the **UN Development Fund for Women (UNIFEM)** which will supply critical financial support to enable UNIFEM to assure that consideration of gender issues is integrated into mainstream development activities. Given the stage at which the UN system is in taking issues of "Women in Development" into account in program and project design. It is important that UNIFEM to strengthen its budgetary practices and management to assure that these monies will be used effectively.

Conclusion

Before concluding my statement I would like to emphasize one point which is too often overlooked. We have not achieved such an extraordinary degree of influence in the multilateral system simply through the size of our contributions alone. We enjoy this position because we are recognized as a leading thinker on development issues and we bring an unrivaled level of technical expertise to the international community. In fact, our ideas and experience are often more important than the number of dollars contributed. It is the combination of U.S. resources—intellectual, financial, and technical—that makes us the major force in the multilateral system. I believe that the request before you today is sufficient to maintain our role as the major force in the international development scene. In fact, our voluntary contributions to the international system continue to dwarf those of the Soviet Union. According to documentation provided by the United Nations, our voluntary contribution to the UN system in 1986 were almost 10 times higher than those of the Soviet Union.

We believe that U.S. contributions to the "International Organizations and Programs" account both reflect the interests of U.S. citizens and serve the needs of other nations.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Transfer of U.S. Funds to Panama

WHITE HOUSE STATEMENT,
APR. 31, 1988¹

We commend those persons who are resisting General Noriega's threats and intimidations to provide him with financial resources. We urge all U.S. companies and persons to comply with the lawful requests of President Delvalle concerning payment of financial obligations to the Government of Panama. Meanwhile, the U.S. Government is taking the following steps in support of the legitimate Government of Panama.

- U.S. Government payments due the Government of Panama are to be deposited in an account of the Government of Panama at the Federal Reserve Bank of New York. This account will be set up at President Delvalle's request.
- The Department of Justice will participate in actions by private parties to have debts to the Government of Panama declared that President Delvalle is the leader of the recognized Government of Panama. Pursuant to court orders, the Secretary of the Treasury will assist in the establishment of an account to be available for deposit of funds.
- The Internal Revenue Service will give guidance to U.S. taxpayers explaining how tax credit may be claimed for Panamanian income taxes paid into account to be specified at the Federal Reserve Bank of New York.

Through these measures, we are giving U.S. companies and persons an incentive and opportunity not to provide financial support to the Noriega regime. Should these measures prove insufficient, we will review additional steps that may be necessary to delay transfer of funds to the Noriega regime from U.S. companies and persons.

These measures are in addition to the following actions that were announced on March 11.

- Withdrawal of trade preferences available to Panama under the generalized system of preferences and the Caribbean Basin Initiative.
- Increased scrutiny of Panama by the Immigration and Customs Services in order to apprehend drug traffickers and money launderers.
- Placing in escrow certain payments by the Panama Canal Commission to the Government of Panama.

The United States remains committed to the goal of restoring democratic government and constitutional order in Panama. When that goal is achieved, the United States is fully prepared to work with the Government of Panama to help restore quickly Panama's economic health. In addition, the U.S. Government is providing one-quarter million dollars to support the Caritas emergency feeding program in Panama. We will continue to examine the food needs of the poor in Panama.

¹Text from Weekly Compilation of Presidential Documents of Apr. 4, 1988. ■

Pan American Day and Week, 1988

PROCLAMATION 5793,
APR. 11, 1988¹

For nearly six decades, the observance of the annual Pan American Day has told the world that the nations of the Western Hemisphere share a unique harmony of ideals—the love of liberty, independence, and democracy; the willingness to seek these treasures and to preserve them wherever they are found; and firm and profound opposition to totalitarianism. Each year the United States joins with countries throughout the Americas in pledging fidelity to these ideals so vital to our future.

Almost a century ago, in Washington, D.C., the First International Conference of American States made the idea of hemispheric unity a reality by establishing the International Union of American Republics, the predecessor of the Organization of American States (OAS). The common aspirations of the peoples of the Americas for freedom, independence, democracy, peace, security, and prosperity inspire the OAS, which is charged with upholding and defending these critical objectives within the Inter-American System.

The past decade has witnessed several victories for freedom and democracy in the Americas. Ten years ago, the great majority of Latin Americans lived under oppression; today, more than 90% of the people of the Americas live under democratic government. We can all be truly grateful for these transformations to democracy.

On April 30, the OAS will celebrate the 40th anniversary of the signing of its charter in Bogota in 1948—a charter that declares, "the solidarity of the American

States and the high aims which are sought through it require the political organization of those States on the basis of the effective exercise of representative democracy." This principle continues to encourage brave men and women in the fight for liberty and democracy.

The OAS Charter establishes the basis for hemispheric cooperation in the peaceful settlement of disputes, economic and social development, education, and the protection of human rights. In recent years, the OAS has added a new dimension to its regional problem-solving by creating the OAS Drug Abuse Control Commission to combat narcotics trafficking and drug abuse. The United States of America accords special priority to the crucial work of the OAS in the fields of human rights and narcotics control.

The foundations of the Inter-American System emerged from the Americas' independence movements, but its consolidation dates from the signing of the OAS Charter; so it is especially fitting that we renew our commitment to the principles of the Organization of American States and its specialized agencies on Pan American Day this year as 40th anniversary celebrations take place.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim Thursday, April 14, 1988, as Pan American Day, and the week of April 10 through April 16, 1988, as Pan American Week. I urge the Governors of the fifty States, the Governor of the Commonwealth of Puerto Rico, and officials of other areas under the flag of the United States of America to honor these observances with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this eleventh day of April, in the year of our Lord nineteen hundred and eighty-eight, and of the independence of the United States of America the two hundred and twelfth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 18, 1988. ■

Current Actions

MULTILATERAL

Antarctica

The Antarctic Treaty. Signed at Washington Dec. 1, 1959. Entered into force Dec. 23, 1961. TIAS 4780.

Accession deposited: Canada, May 4, 1988.

Aviation

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.

Accession deposited: Yemen (Aden), Apr. 20, 1988.¹

Protocol for the suppression of unlawful acts of violence at airports serving international civil aviation. Done at Montreal Feb. 24, 1988. [Senate] Treaty Doc. No. 100-19.²

Transmitted to the Senate for advice and consent: May 20, 1988.

Judicial Procedure

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983; for the U.S. July 1, 1988 [Senate] Treaty Doc. 99-11.

Ratification deposited: U.S., Apr. 29, 1988.^{3,4}

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984; definitively Aug. 26, 1986.

Accession deposited: Portugal, Apr. 28, 1988.

Marine Pollution

Convention for the protection and development of the marine environment of the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983. Entered into force Oct. 11, 1986. [Senate] Treaty Doc. 98-13.

Protocol concerning cooperation in combating oil spills in the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983. Entered into force Oct. 11, 1986. Ratification deposited: Colombia, Mar. 3, 1988.

Maritime Matters

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Ratifications deposited: Poland, Feb. 26, 1988; U.S.S.R., Mar. 25, 1988.³

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.² [Senate] Treaty Doc. 99-9. Ratification deposited: Egypt, May 9, 1988. Accession deposited: Hungary, May 4, 1988; Maldives, Apr. 26, 1988.

Postal

Constitution of the Universal Postal Union. Done at Vienna July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.

Additional protocol. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971. TIAS 7150.

Second additional protocol. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8321.

Ratification deposited: Nicaragua, Feb. 15, 1988.

Third additional protocol to the Constitution of the Universal Postal Union of July 10, 1964, general regulations with annex, and the universal postal convention with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Accessions deposited: Albania, Feb. 15, 1988; Nicaragua, Feb. 15, 1988.

Ratifications deposited: Australia, Feb. 9, 1988; France, Jan. 19, 1987; Israel, Mar. 18, 1988; San Marino, Mar. 14, 1988.

Money orders and postal travelers' checks agreement, with detailed regulations with final protocol. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Ratifications deposited: France, Jan. 19, 1987; San Marino, Mar. 14, 1988.

Postal parcels agreement with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986. Accessions deposited: Albania, Feb. 15, 1988; Nicaragua, Feb. 15, 1988.

Ratifications deposited: Australia, Feb. 9, 1988; France, Jan. 19, 1987; Israel, Mar. 18, 1988; San Marino, Mar. 14, 1988.

Satellite communications systems agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Accession deposited: Swaziland, May 18, 1988.

Operating agreement relating to INTELSAT, with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Signature: Posts and Telecommunications Corporation (Public) [Swaziland], May 18, 1988.

Amendments [aeronautical services] to convention and the operating agreement of the International Maritime Satellite Organization (INMARSAT) of Sept. 3, 1976 (TIAS 9605). Adopted at London Oct. 1, 1985.²

Acceptances deposited: Australia, Mar. 1987 (conv.), July 10, 1987 (op. agt.); Bulgaria, June 3, 1987; Belorussian S.S.R. Dec. 22, 1986; Canada, Mar. 14, 1988; Chile, Feb. 24, 1988; China, May 15, 1988; Denmark, Jan. 12, 1987; Finland, Jan. 1987; Kuwait, Jan. 25, 1988; Netherlands, May 13, 1987; Norway, July 1, 1986; Philippines, Aug. 17, 1987; Poland, Dec. 2, 1987; Portugal, June 1, 1987; Saudi Arabia, Jan. 9, 1986; Sri Lanka, June 10, 1986; Sweden, Feb. 15, 1986; Ukrainian S.S.R., Oct. 1, 1986 (conv.), Nov. 28, 1986 (op. agt.); U.S.S.R., Nov. 25, 1986; U.K., May 12, 1986; U.S., Apr. 6, 1988.

Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed, the ocean floor and in the subsoil thereof. Done at Washington, London, and Moscow Feb. 11, 1971. Entered into force May 1, 1972. TIAS 7337.

Ratification deposited: Brazil, May 10, 1988.⁵

Telecommunications

International telecommunications convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986. [Senate] Treaty Doc. 99-1. Ratification: Nepal, Jan. 4, 1988.

Terrorism

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Done at New York Dec. 14, 1978. Entered into force Feb. 20, 1977. TIAS 8532.

Accession deposited: Syrian Arab Republic, Apr. 25, 1988.

International convention against the taking of hostages. Done at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.

Accession deposited: German Dem. Rep. May 2, 1988.

Torture

Convention against torture and other cruel, inhuman, or degrading treatment or punishment. Adopted at New York Dec. 1984. Entered into force June 26, 1987 [Senate] Treaty Doc. 100-20.

Signatures: Afghanistan, Argentina, Belgium, Bolivia, Costa Rica, Denmark, Dominican Republic, Ecuador, Finland, France, Greece, Iceland, Italy, Netherlands, Norway, Portugal, Senegal, Spain,

en, Switzerland, Uruguay, Feb. 4, 1985; Algeria, Nov. 26, 1985; Austria, Mar. 1985; Brazil, Sept. 23, 1985; Bulgaria, Mar. 10, 1986;¹ Belorussian S.S.R., Dec. 1985;² Canada, Aug. 23, 1985; Chile, Feb. 23, 1987; China, Dec. 12, 1986;³ Colombia, Apr. 10, 1985; Cuba, Jan. 27, 1986; Czech. Oct. 9, 1985; Czechoslovakia, Sept. 1986; Gambia, Oct. 23, 1985; German Democratic Rep., Apr. 7, 1986;⁴ Germany, Fed. Republic of, Oct. 13, 1986; Guinea, May 30, 1986; Guyana, Jan. 25, 1988; Hungary, Nov. 1986;⁵ Indonesia, Oct. 23, 1985; Israel, Feb. 22, 1986; Liechtenstein, June 27, 1985; Luxembourg, Feb. 22, 1985; Mexico, Mar. 1985; Nicaragua, Apr. 15, 1985; Panama, Feb. 22, 1985; Peru, May 29, 1985; Sierra Leone, Mar. 18, 1985; Sudan, June 4, 1986; Tunisia, Mar. 25, 1987;⁶ Tunisia, Aug. 26, 1987; Turkey, Jan. 25, 1988; Ukrainian Soviet Republic, Feb. 27, 1986;⁷ U.S.S.R., Dec. 10, 1985; U.K., Mar. 15, 1985; U.S., Apr. 18, 1985; Venezuela, Feb. 15, 1985. Accessions deposited: Belize, Mar. 17, 1986; Bahrain, Dec. 19, 1986; Dominica, Feb. 9, 1986; Egypt, June 25, 1986; Philippines, June 18, 1986; Uganda, Nov. 3, 1986. Declarations deposited: Afghanistan, Feb. 1, 1987;⁸ Argentina, Sept. 24, 1986; Bulgaria, July 29, 1987;⁹ Bulgaria, Dec. 16, 1986; Belorussian S.S.R., Mar. 13, 1987;¹⁰ Canada, June 24, 1987; Colombia, Dec. 8, 1986; Denmark, May 27, 1987; Ecuador, Feb. 30, 1988; France, Feb. 18, 1986;¹¹ German Democratic Rep., Sept. 9, 1987;¹² Hungary, Feb. 15, 1987;¹³ Luxembourg, Sept. 29, 1986; Mexico, Jan. 23, 1986; Norway, Feb. 9, 1986;¹⁴ Panama, Aug. 24, 1987;¹⁵ Senegal, Aug. 21, 1986; Spain, Oct. 21, 1987;¹⁶ Switzerland, Dec. 2, 1986;¹⁷ Togo, Nov. 18, 1986; Ukrainian S.S.R., Feb. 24, 1987;¹⁸ U.S.S.R., Mar. 3, 1987;¹⁹ Uruguay, Oct. 24, 1986. Transmitted to the Senate for advice and consent: May 20, 1988.

Treaties: Vienna convention on the law of treaties between states and international organizations or between international organizations, with annex. Done at Vienna Mar. 21, 1978. Accessions deposited: Sweden, Feb. 10, 1988. Declarations deposited: El Salvador, Feb. 29, 1988.

DO
Constitution of the United Nations Industrial Development Organization (UNIDO), with annexes. Done at Vienna Apr. 8, 1979. Entered into force June 21, 1985. Accessions deposited: Albania, Apr. 19, 1987; Maldives, May 10, 1988. Declarations deposited: El Salvador, Feb. 29, 1988.

BILATERAL

Argentina

Swap agreement between the U.S. Treasury and the Central Bank of the Argentine Republic/Government of the Argentine Republic, with related letter and amendment. Signed at Washington and Buenos Aires Feb. 23, 1988. Entered into force Feb. 23, 1988.

China

Agreement relating to relief from double income on shipping profits. Effected by exchange of letters at Beijing Nov. 18, 1981. Entered into force Nov. 18, 1981. Notice of termination by U.S.: May 5, 1988.

Dominica

Agreement for the exchange of information with respect to taxes. Signed at Washington Oct. 1, 1987. Entered into force: May 9, 1988.

Egypt

Agreement amending the agreements for sale of agricultural commodities of June 7, 1974 (TIAS 7855), and Dec. 30, 1986. Effected by exchange of notes at Cairo Aug. 26-27, 1987. Entered into force Aug. 27, 1987.

Agreement relating to the agreement of June 7, 1974, for sale of agricultural commodities, as amended (TIAS 7855). Signed at Cairo Mar. 21, 1988. Entered into force Mar. 21, 1988.

France

Agreement of social security. Signed at Paris Mar. 2, 1987.

Administrative arrangement concerning the application of the agreement on social security of Mar. 2, 1987. Signed at Washington Oct. 21, 1987. Entered into force: July 1, 1988.

Gabon

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Libreville Feb. 11, 1988. Entered into force Mar. 21, 1988.

Hungary

Agreement amending agreement of Feb. 15 and 25, 1983 (TIAS 10666), as amended and extended, relating to trade in wool and manmade fiber textiles and textile products. Effected by exchange of notes at Budapest Apr. 8 and 15, 1988. Entered into force Apr. 15, 1988.

Israel

Memorandum of agreement regarding joint political, security, and economic cooperation. Signed at Washington and Jerusalem Apr. 21 and 28, 1988. Entered into force Apr. 21, 1988.

Japan

Agreement concerning the acquisition and production of the EP-3 aircraft in Japan. Effected by exchange of notes at Tokyo Mar. 29, 1988. Entered into force Mar. 29, 1988.

Malaysia

Agreement amending agreement of Aug. 3, 1987, as amended, relating to trade in textiles and textile products. Effected by exchange of notes at Kuala Lumpur Mar. 29 and Apr. 19, 1988. Entered into force Apr. 19, 1988; effective Jan. 1, 1988.

Mexico

Agreement amending the agreement of Feb. 27, 1985, concerning trade in certain steel products and trade liberalization measures for certain other products. Effected by exchange of letters at Washington and Mexico Dec. 29, 1987. Entered into force Dec. 29, 1987.

Agreement extending the agreement of July 31, 1970, as amended and extended (TIAS 6941, 7927), for a cooperative meteorological observation program in Mexico. Effected by exchange of notes at Mexico Mar. 28 and Apr. 25, 1988. Entered into force Apr. 25, 1988; effective Apr. 1, 1988.

Philippines

Agreement amending the agreement of July 8, 1985, for sales of agricultural commodities, with annexes. Signed at Manila Apr. 14, 1988. Entered into force Apr. 14, 1988.

Sudan

Agreement amending the agreement for sales of agricultural commodities of Feb. 28, 1988. Effected by exchange of notes at Khartoum Mar. 31, 1988. Entered into force Mar. 31, 1988.

Thailand

Treaty on mutual assistance in criminal matters, with attachments. Signed at Bangkok Mar. 19, 1986.² [Senate] Treaty Doc. 199-18. Transmitted to the Senate for advice and consent: Apr. 25, 1988.

Tunisia

Agreement for sales of agricultural commodities. Signed at Tunis Mar. 16, 1988. Entered into force Mar. 16, 1988.

¹With reservation(s).

²Not in force.

³With declaration(s).

⁴With designation of U.S. Central Authority.

⁵With understanding and statement.

⁶Not in force for the U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*81	5/2	Shultz: statement, Senate Appropriations Committee, Apr. 28.
*82	5/6	George A. Trail sworn in as Ambassador to Malawi (biographic data).
*83	5/4	Shultz: address, National Conference on Soviet Jewry, May 3.
*84	5/6	Shultz: remarks at the 23d annual Foreign Service Day.
*85	5/9	Shultz, Shankle: remarks at dedication of new memorial plaque names, May 6.

*86	5/9	Shultz: dinner toast in honor of China's Vice Premier Tian Jiyun, May 8.
*87	5/11	American Art of the 20th Century at U.S. Embassy in Moscow.
*88	5/13	Shultz: arrival statement, Geneva, May 11.
*89	5/13	Shultz: news conference following U.S.-U.S.S.R. ministerial meeting, Geneva, May 12.
*90	5/16	Shultz: news conference, NATO headquarters, Brussels, May 13.
91	5/16	<i>Digest of United States Practice in International Law, 1980</i> , released.
92	5/16	Shultz: statement, Senate Foreign Relations Committee.
93	5/18	<i>American Foreign Policy: Current Documents, 1983</i> , released.

94	5/17	Shultz: statement following meeting with Israeli Foreign Minister Peres.
*95	5/20	Shultz: interview on US "Worldnet."
96	5/23	Shultz: interview on AB TV's "This Week With David Brinkley," May 23.
*97	5/24	Frederick M. Bernthal sworn in as Assistant Secretary of International Environmental and Scientific Affairs (biograph data).
*98	5/24	Shultz: interview on CN TV's "This Week With David Brinkley," May 24.
*99	5/25	Shultz: interview on CB TV's "Face the Nation," May 25.
*100	5/31	Shultz: interview on CB TV's "Face the Nation," May 29.

*Not printed in the BULLETIN. ■

USUN

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*1	1/5	Okun: situation in the Israeli occupied territories, Security Council.
2	1/14	Walters: situation in the occupied territories, Security Council.
3	1/18	Walters: situation in south Lebanon, Security Council.
*4	2/1	Okun: situation in the occupied territories, Security Council.
*5	2/16	Smith: outer space, Committee on the Peaceful Uses of Outer Space (COPUOS).
*6	2/17	Walters: Korean Air Flight 858, Security Council.
*7	2/17	Hodgkins: space applications program, Scientific and Technical Sub-committee, COPUOS.
*8	2/18	USUN Review of the 42d General Assembly.

*9	2/22	Smith: space transportation, COPUOS, Feb. 19.
*10	2/19	Smith: International Geosphere Biosphere Program, COPUOS.
*11	2/22	Smith: geostationary orbit, COPUOS, Feb. 19.
*12	2/23	Smith: remote sensing COPUOS.
*13	2/24	Nicogossian: life science, COPUOS.
*14	2/21	Smith: planetary exploration, COPUOS.
*15	2/24	Smith: astronomy, COPUOS.
*16	2/24	Smith: space, COPUOS.
*17	2/25	Walters: key foreign policy issues, Subcommittees on Human Rights and International Organizations and on International Operations, House Foreign Affairs Committee.
*18	3/2	Okun: Report of the Committee on Relations with the Host Country, General Assembly.
*19	3/8	Okun: South Africa, Security Council.

*20	3/10	Note to Correspondents Human Rights Situation Cuba.
*21	3/16	Byrne: donors meeting, gram of Humanitarian Assistance to the Kampuchean People.
*22	3/17	Okun: Falkland and Malvinas, Security Council.
*23	3/17	Okun: Falkland and Malvinas, Security Council.
*24	3/18	Note to Correspondents Clarification of Ambassador Walters' remarks Geneva.
*25	3/18	Okun: Nicaragua, Security Council.
*26	3/18	Okun: Nicaragua, Security Council.
*27	3/22	Okun: Nicaragua, Security Council.
*28	3/23	Okun: closing the PLO Permanent Observer Mission General Assembly.
*29	3/31	Okun: Occupied Territories, Security Council.
*30	3/31	Note to Correspondents U.S. Issues Visas on Humanitarian Grounds.

*Not printed in the BULLETIN. ■

Department of State

single copies of the following Department of State publications are available from the Public Information Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

The Winning Hand: American Leadership in the Global Economy, Massachusetts Institute of Technology annual dinner, Washington, D.C., Apr. 28, 1988 (Current Policy #1070).
Commitments of the INF Treaty, Senate Foreign Relations Committee, May 16, 1988, (Current Policy #1075).

Arms Control

Arms Control Initiatives, May 13, 1988 (Special Report #177).

Department of State

Budget Crunch and the Foreign Service, Under Secretary Spiers, Foreign Service Day, May 6, 1988 (Current Policy #1073).
Department of State Today, March 18 (Public Information Series).

Asia

Philippines Relations (GIST, May 1988).

Economics

J.S. and the Pacific Basin: Trade and Adjustment Issues, Under Secretary Ellis, Asia Society, New York City, Apr. 26, 1988 (Current Policy #1069).
J.S. and Japan: Partners in Global Economic Leadership, Under Secretary Ellis, Federation of Economic Organizations (Keidanren), Tokyo, Apr. 19, 1988 (Current Policy #1072).
World a Stronger International Economy, Deputy Secretary Whitehead, Municipal Program on the Toronto Summit, Centre for International Studies, Toronto, Apr. 1988 (Current Policy #1074).
Foreign Economic Policy, 1981-87, May 1988 (Public Information Series).
European Community (GIST, May 1988).
World Debt (GIST, May 1988).
Economic Policy Coordination and the Dollar (GIST, May 1988).
Trade Policy (GIST, May 1988).
Prosperity and the Developing Countries (GIST, May 1988).
Cultural Adjustment and Economic Performance (GIST, May 1988).

Middle East

American Vision of Peace in the Middle East, Assistant Secretary Murphy, Washington Institute on Near East Policy, Apr. 18, 1988 (Current Policy #1067).

Military Affairs

Controlling Transfer of Strategic Technology (GIST, May 1988).
Conventional Forces in Europe (GIST, May 1988).

Science & Technology

International Communications and Information Policy Agenda, Acting U.S. Coordinator and Director of the Bureau of International Communications and Information Policy Borg, Subcommittee on Communications, Senate Committee on Commerce, Science, and Transportation, Apr. 19, 1988 (Current Policy #1066).

South Asia

Agreements on Afghanistan, Apr. 1988 (Selected Documents #26).

Terrorism

International Terrorism (GIST, May 1988).

United Nations

Policies for the Americas in the 1990s, Assistant Secretary Williamson, ECLAC, Rio de Janeiro, Apr. 26, 1988 (Current Policy #1071).
Third UN Special Session on Disarmament (GIST, May 1988).■

Foreign Relations Supplement Released

The Department of State on April 15, 1988, released the microfiche publication, "Memoranda of Conversation of the Secretary of State, 1947-1952," a supplement to the *Foreign Relations of the United States* series. The publication presents a chronological record from April 1947 through December 1952 of 1,729 meetings and telephone conversations between the Secretary of State—either George Marshall (1947-49) or Dean Acheson (1949-53)—or their principal deputies and major U.S. and foreign officials. Many meetings confront the broad issues of war and peace in varying contexts: postwar peace settlements involving Germany, Austria, and Japan; the threat of Soviet aggression against Germany and Berlin, Greece, Turkey, and Korea; conflicts involving emerging nations, especially Indonesia and the French and former Italian protectorates in North Africa; the Kashmir dispute involving India and Pakistan; and the longstanding attempts to reconcile Jewish and Arab claims to Palestine.

The records in this collection reflect the foreign affairs problems that concerned Secretaries Marshall and Acheson. A number of meetings are devoted to post-World War II reconstruction, the enactment and implementation of the Marshall Plan in Europe, and the movement toward greater economic and political unity in reaction to the consolidation of Soviet power in Eastern Europe. Department principals also discussed the question of foreign assistance to non-Marshall Plan countries, such as China and Yugoslavia, which

were threatened either by internal subversion or external aggression. The growth of political and economic unity is another recurrent theme, with emphasis on fostering European economic unity and achieving greater international economic cooperation through the General Agreement on Tariffs and Trade (GATT) and the Bretton Woods monetary system. There is also much documentation on the founding and early development of regional defense pacts, such as the North Atlantic Treaty Organization (NATO) and the Organization of American States (OAS), established at the 1948 Bogota conference.

These memoranda of conversation comprise a unique file that was originally maintained by the Executive Secretariat of the Department of State. The memoranda are generally carbon copies whose originals were filed elsewhere, usually in the Department's central files. Many of these documents, however, are not located there or in other Department files. This publication presents these documents in the same chronological order in which they were originally maintained for the Secretary of State and also includes attachments, such as routing charts, supporting memoranda, and aides-memoire, when these documents were in the file. It contains all documents except for a few papers which could not be declassified in whole or in part because of continued sensitivity on national security or privacy grounds. The original documents in the file have been transferred to the National Archives.

This publication is part of the Department's effort to make the official foreign affairs record more widely available to scholars, libraries, and other users. These microfiche publications present significant and unique collections of historical documents, only a small part of which can be printed in *Foreign Relations* volumes. The series editors are obliged to select for the volumes only the most vital documents

from a foreign policy record that has markedly increased in size in the last three decades.

"Memoranda of Conversation of the Secretary of State, 1947-1952," comprising about 4,700 pages on 49 microfiche cards and accompanied by a 119-page printed guide containing a comprehensive list of documents, was prepared by the Office of the Historian, Bureau of Public Affairs, Department

of State. Copies of the publication (Department of State Publication No. 9, GPO Stock No. 044-000-02207-9) may be purchased for \$25.00 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money order should be made payable to the Superintendent of Documents.

Press release 65 of Apr. 15, 1988. ■

Digest of United States Practice in International Law Released

The *Digest of United States Practice in International Law, 1980* is now available at the U.S. Government Printing Office (1,134 pp.). The eighth in the annual series, the volume also includes the final 3 weeks of President Carter's Administration in January 1981 and indicates developments in certain fields subsequent to the period of coverage.

The 1980 *Digest* was edited by Marian Nash Leich, an attorney in the Office of the Legal Adviser, and contains an introduction by the Legal Adviser of the Department of State, Abraham D. Sofaer. The Department's Legal Adviser in 1980 was Roberts B. Owen.

Describing legal, diplomatic, and other responses by the United States to Iran's continuing, lawless detention of the American hostages captured in 1979, the volume conveys the totality of the U.S. response to the crisis. It sets out actions undertaken by the President and the executive branch, including appearances by the U.S. Government in domestic litigation and before the International Court of Justice. It summarizes the negotiations that led to the resolution of the crisis, under the catalytic effect of an impending change in U.S. Presidents, and explains the legal issues considered in formulating the Algiers Declarations, including the establishment of the Iran-United States Claims Tribunal at The Hague.

The 1980 *Digest* details measures undertaken to curb foreign government-sponsored (Libyan) terrorism within the United States, which culminated in the closing of the Libyan People's Bureau in Washington. In another area involving Libya, the *Digest* discusses the U.S. Government's support, *amicus*, in judicial proceedings brought by an American corporate claimant to enforce a foreign arbitral award obtained against Libya (the *LIAMCO* case).

Other government participation in domestic litigation involved interpretations of the Foreign Sovereign Immunities Act and the act of state doctrine, as well as various provisions of the Immigration and Nationality Act. In regard to the latter, the United States succeeded in revoking the naturalization of a former Nazi death camp guard; this resulted in his deportation and in a number of successful similar efforts. A challenge to the constitutionality of that act's legislative veto provision, which would have required deportation of an East Indian individual seeking adjustment of status, was also successful (the *Chadha* case).

The volume outlines the legal and other problems presented by the 1979 *Marief* boatlift from Cuba and by the waves of illegal migrants from Haiti. It also relates government efforts to exclude common crimes of violence from the political offense exception to extradition, initially in arguments before U.S. extradition magistrates and eventually in the Supreme Court (and, finally, through renegotiation key extradition treaty provisions).

Lastly, the 1980 *Digest* traces the enlargement of the U.S. role in Middle East peacekeeping, which was to result in the establishment of the Multinational Force and Observers.

Digest of United States Practice in International Law, 1980 may be purchased for \$39.00 (domestic) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (GPO Stock No. 044-000-02064-5). Checks or money order should be made payable to the Superintendent of Documents must accompany order. Remittances from foreign countries may be made by international postal money order, by draft on an American or Canadian bank, or by UNESCO coupons; an additional 2% handling charge is required for orders to foreign countries.

Press release 91 of May 16, 1988. ■

Current Documents, 1983 Supplement Released

Department of State on May 18, 1988, released *American Foreign Policy: Current Documents, 1983. Supplement*. This microfiche publication supplements the printed volume *American Foreign Policy: Current Documents, 1983*, published in 1985.

The 1983 supplement comprises 495 microfiche cards and reproduces full texts of several documents included in part in the printed volume.

This microfiche publication presents the complete texts of Department of State and White House special press briefings (on-the-record and background briefings on specific issues or crises) and Department of State daily press briefings in 1983. Subjects covered in detail in these briefings include the Strategic Defense Initiative, the START (strategic arms reduction talks) and INF (intermediate-range nuclear forces) arms control talks, the Williams economic summit, President Reagan's trip to Japan and Korea, and Secretary Shultz's trips to Western Eu-

rope, North Africa, and Asia, negotiations on the withdrawal of foreign troops from Lebanon, visits to the United States by foreign leaders, the repercussions from the Soviet Union's shooting down of the Korean airliner, NATO ministerial meetings, U.S. military involvement in Grenada, and developments in Nicaragua and El Salvador.

This microfiche supplement is divided into two parts: I. Department of State and White House Special Press Briefings; and II. Department of State Daily Press Briefings. An accompanying printed guide contains a table of contents and a list of the documents for part I. For part II, the guide includes a comprehensive index of subjects and names mentioned in the Department of State daily press briefings.

This supplement is part of the Department of State *American Foreign Policy* series begun in 1950. In addition to the 1983 book, volumes for 1981, 1982, 1984, 1985, and 1986 have also been printed recently. Microfiche supplements for 1981 and 1982 were pub-

lished in 1985 and 1987, and supplements for 1984 and subsequent years are being prepared.

The *American Foreign Policy* series presents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. The texts of the major official addresses, statements, interviews, press conferences, and communications by the White House, the Department of State, and other officials involved in the foreign policy process are included.

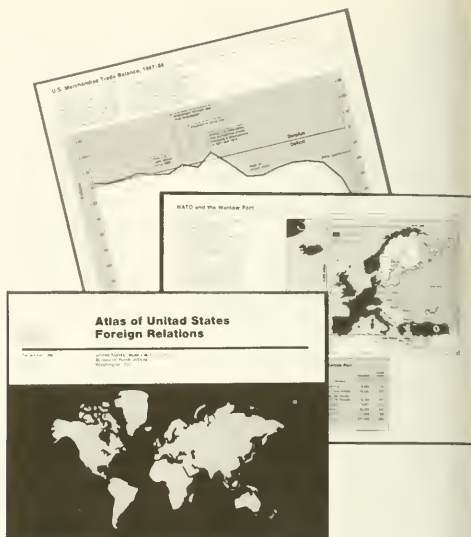
American Foreign Policy: Current Documents, 1983. Supplement was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies may be purchased for \$25.00 from the Superintendent of Documents, U.S. Government Printing Office (Department of State Publication No. 9631, GPO Stock No. 044-000-02204-4). Checks or money orders should be made payable to the Superintendent of Documents.

Press release 93 of May 18, 1988. ■

Atlas of United States Foreign Relations

The *Atlas of United States Foreign Relations*, December 1985, provides basic information about U.S. foreign relations for easy reference and as a educational tool. This is the second, revised edition of the atlas (first published in 1983). For this edition, most of the displays have been revised or updated, and some have been expanded or recast to reflect recent developments. Comprising 100 pages with 90 maps and charts, it is divided into six sections dealing with:

- Foreign relations machinery;
- International organizations;
- Elements of the world economy;
- Trade and investment;
- Development assistance; and
- U.S. national security.



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July 1988

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President Reagan and General Secretary Gorbachev on their walk to Red Square with St. Basil's Cathedral in the background.

(White House photo by Pete Souza)

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Moscow Summit

President Reagan and Mikhail S. Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, met in Moscow, May 29–June 2, 1988.

En route to Moscow, President Reagan visited Helsinki (May 25–29); and he visited London (June 3), before returning to Washington. Following are various remarks made during his trip.

PRESIDENT'S DEPARTURE REMARKS, THE WHITE HOUSE, JULY 25, 1988¹

Yellow Americans and all our Ambassadors of our friends and allies who are gathered on the eve of my first meeting with General Secretary Gorbachev in 1985, I tell you that my mission, simply stated, is a mission for freedom and peace. I intended to sit down across the table from Mr. Gorbachev and try to set out with a basis for peaceful discourse and cooperation between our two countries, at the same time working to advance the peace and frontiers of human freedom. As I approached that first meeting in Geneva, I wanted to establish a better working relationship with the Soviet Union—one no longer subject to the dangers as highs and lows of the past; a working relationship that would be based on realities, not merely on a seeming reduction of tensions between our two countries that could quickly disappear. To accomplish that, the United States intended to see solid and steady progress in our major areas: human rights, regional conflicts, arms reductions, and bilateral exchanges.

We've come a long way since then. As I depart on this trip to Moscow, fulfilling the agreement I made with General Secretary Gorbachev back in 1985, we would visit each other's country, point to achievements we can all be proud of in each of the areas of our four-agenda. The United States and the

Soviet Union have signed the Geneva accords providing for the withdrawal of all Soviet troops from Afghanistan, and the first withdrawals have begun. We have signed an arms reduction treaty that will reduce the level of nuclear arms for the first time in history, eliminating an entire class of U.S. and Soviet nuclear missiles. We've made progress on the main points of a treaty that will cut in half our arsenals of strategic offensive nuclear weapons. Our new Nuclear Risk Reduction Centers are already transmitting messages that reduce the risk of conflict. Our representatives have held broad-ranging discussions on human rights, and we've seen concrete steps taken. The levels of emigration have risen. Some political and religious prisoners have been released, and a number of divided families have been reunited. Somewhat more diversity of expression is permitted. There has been a recognition of religious persecution in the past and a pledge that some restrictions on the right to worship will be eased. We have greatly expanded our bilateral exchanges. The number of travelers between our two countries is rising sharply, with unprecedented totals expected this year. There's more, of course, but I'd miss my plane if I went through the entire list [laughter]. And yet impressive as these achievements may be, they represent only a beginning.

In my talks with General Secretary Gorbachev next week, we will be looking to the future, for there remains much to be done. Permit me to outline the sub-

stance of our four-part agenda for those talks.

On human rights, I will press to see that the positive trends I've mentioned continue and the reforms are made permanent. We certainly welcome the recent signs of Soviet progress toward greater freedom of religion, greater freedom of speech, greater freedom of movement. There have been indications that this progress may be written into Soviet law and regulations so that it can be a more permanent part of Soviet life. We will be doing all we can to encourage just that.

Concerning regional conflicts, we'll be looking for Soviet actions to help advance negotiations on the Angola and Namibia problems and to support UN efforts to end the Iran-Iraq war. We will ask the Soviets to use their influence with the Ethiopian Government to prevent a manmade crisis of starvation there. We'll urge the Soviets to help move the Middle East peace process closer to a just and lasting solution. And we'll look for ways to help the parties resolve other regional conflicts in Africa, Asia, and, yes, Central America.

Regarding arms reductions, we'll strive to resolve the issues that still stand in the way of our agreement to cut U.S. and Soviet strategic offensive nuclear arms in half. As we make progress, our negotiators will be able to move forward in their work on the draft START [strategic arms reduction talks] treaty. We'll continue to seek ways to improve the verification procedures of two exist-

ing treaties on nuclear testing—the Peaceful Nuclear Explosions Treaty and the Threshold Test Ban Treaty—so that those treaties can be ratified. And I will urge the Soviets to move ahead at the Vienna followup meeting of the Conference on Security and Cooperation in Europe. At these discussions, negotiators from 35 nations are working on ways to advance human rights and strengthen the confidence- and security-building measures they negotiated at Stockholm in 1986. Separately, the 23 members of the Atlantic alliance and Warsaw Pact are negotiating a mandate for new talks on conventional forces. Success here means the Soviets must make continued progress on human rights, for the security in Europe involves much more than military arrangements. It must be based on a solid foundation of respect for the rights of individuals.

Concerning the final portion of our four-part agenda, our bilateral relations, we will address both new agreements and renewals of existing agreements to extend the areas in which we cooperate. This will include everything from practical matters of nuclear safety to radio-navigation and the protection of our global environment. We'll seek to broaden still further our people-to-people contacts and, especially, to give more of our young people the opportunity to participate in such exchanges.

So, as you see from the outline of that agenda, there will be plenty of work for Mr. Gorbachev and me in Moscow next week. I don't expect it to be easy. We may have many differences, deep differences, moral differences, but we're still fellow human beings. We can still work together to keep the peace. And in working with the Soviet Union, the United States can still remain true to its mission of expanding liberty throughout the world.

Since my first meeting with Mr. Gorbachev, we have, as I've said, come a long way. My task next week will be to go still farther—farther in the interests of peace, farther toward a universal respect for fundamental human rights, farther toward world freedom, and farther toward a safer world for all people. And now, as I embark upon this great task, I ask for your prayers.

**PRESIDENT'S REMARKS
PAASIKIVI SOCIETY
AND LEAGUE OF
FINNISH-AMERICAN
SOCIETIES,**

**HELSINKI,
MAY 27, 1988²**

Let me begin by saying thank you to our hosts, the Finnish Government, the Paasikivi Society, and the League of Finnish-American Societies. It's a particular honor for me to come here today. This year—the Year of Friendship, as Congress has proclaimed it, between the United States and Finland—this year marks the 350th anniversary of the arrival of the first Finns in America and the establishment of a small Scandinavian colony near what is today Wilmington, Delaware—an ancient people in a new world. And that is the story, not only of those Finns, but of all the peoples who braved the seas, to settle in and build my country, a land of freedom for a nation of immigrants.

Yes, they founded a new world, but as they crossed the oceans, the mountains, and the prairies, those who made America carried the old world in their hearts—the old customs, the family ties, and most of all, the belief in God, a belief that gave them the moral compass and ethical foundation by which they explored an uncharted frontier and constructed a government and nation of, by, and for the people.

And so, although we Americans became a new people, we also remain an ancient one, for we're guided by ancient and universal values—values that Prime Minister [Harri] Holkeri spoke of in Los Angeles this February when, after recalling Finland's internationally recognized position of neutrality, he added that Finland is "tied to Western values of freedom, democracy, and human rights." And let me add here that for America, those ties are also the bonds of our friendship. America respects Finland's neutrality. We support Finland's independence. We honor Finland's courageous history. We value the creative statesmanship that has been Finland's gift to world peace. And in this soaring hall, which is

the great architect Alvar Aalto's statement of hope for Finland's future, we affirm our hope and faith that the friendship between our nations will be unending.

We're gathered here today in this hall because it was here, almost 13 years ago, that the 35 nations of the Conference on Security and Cooperation in Europe (CSCE) signed the Helsinki Final Act, a document that embodies same ethical and moral principles and same hope for a future of peace that Finns and so many other European citizens gave America. The Final Act is a singular statement of hope. Its "three baskets" touch on almost every aspect of East-West relations, and taken together form a kind of map through the wilderness of mutual hostility to open fields of peace and to a common home trust among all of our sovereign nations—neutrals, nonaligned, and allies members alike. The Final Act sets new standards of conduct for our nations; provides the mechanisms by which to apply those standards.

Yes, the Final Act goes beyond arms control—once the focus of international dialogue. It reflects a truth that we have so often noted: nations do not distrust each other because they are afraid; they are armed because they distrust each other. The Final Act grapples with the full range of our underlying differences and deals with East-West relations as an interrelated whole. It reaffirms the belief of all our countries that human rights are less likely to be abused when a nation's security is less in doubt; that economic relations can contribute to stability, but depend on the trust and confidence that come from increasing ties between our peoples, increasing openness and increasing freedom; and that there is no true international security without respect for human rights.

I can hardly improve on the words President [Mauno] Koivisto used in this hall 2 years ago when he recalled that "security is more than the protection of borders and social structures. It is emphasized in the Final Act that individuals who live in the participating



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...ties have to feel in their own lives security which is based on respect for fundamental human rights and basic freedoms." And beyond establishing these integrated standards, the Final Act establishes a process for progress. It sets up a review procedure to measure performance against standards. And despite the doubts of the critics, for the past 13 years, the signatory states have entered the political will to keep on working and making progress. Let me say that it seems particularly appropriate to me that the Final Act is associated so closely with this city and this country. More than any other diplomatic document, the Final Act speaks to the yearning that Finland's longtime President, Urho Kekkonen, spoke of more than a quarter century ago when he said, in his words: "It's the fervent hope of the Finnish people that barriers be lowered all over Europe and that progress be made along the road of European unity." And he added that this was, as he put it, "for the good of Europe, and thus of humanity as a whole." Well, those were visionary words. That vision inspired and guided the drafting of the Final Act and continues to guide us today.

Has the Final Act and what we call the Helsinki process worked or not? I may say it hasn't, but I believe it has. In the security field, I would point to the most recent fruit of the process: the Stockholm document of confidence- and security-building measures in Europe. This agreement lays down the rules by which our 35 states notify each other of upcoming military activities in Europe; provides detailed information on these activities in advance; and lets the others know their plans for very large military activities 1 or 2 years in advance and agrees not to hold such maneuvers unless this notice is given; invites observers to their larger military activities; and permits onsite inspections to make sure agreement is honored.

I am happy to note that since our representatives shook hands to seal this agreement a year and a half ago, all 35 states have, by and large, honored both the letter and the spirit of the Stockholm document. The Western and neutral and aligned states have set a strong example in providing full information about



President Reagan's address before the Paasikivi Society and the League of Finnish-American Societies at Finlandia Hall where the Helsinki Final Act was signed 13 years ago.

(White House photo by Bill Fitz-Patrick)

their military activities. In April, Finland held its first military activity subject to the Stockholm notification requirements and voluntarily invited observers to it. The Soviet Union and its allies also have a generally good record of implementation, though less forthcoming than the West. Ten onsite inspections have been conducted so far, and more and more states are exercising their right to make such inspections. I can't help but believe that making inspections a matter of routine business will improve openness and enhance confidence.

Nor was Stockholm the end of the process. In Vienna, all 35 signatory states are considering how to strengthen the confidence- and security-building measures, in the context of a balanced outcome at the CSCE followup meeting that includes significant progress on human rights.

In the economic field, as in the security field, I believe there has been progress, but of a different kind. Issues and negotiations regarding security are not simple, but military technology makes arms and armies resemble each other enough so that common measures can be confidently applied. Economic relations, by contrast, are bedeviled by differences in our systems. Perhaps increases in non-strategic trade can contribute to better relations between East and West, but it's difficult to relate the state-run economies of the East to the essentially free-market economies of the West. Perhaps some of the changes underway in the state-run economies will equip them better to deal with our businessmen and open new arenas for cooperation. But our work on these issues over the years has already made us understand that differences in systems are serious obstacles to expansion of economic ties, and since understanding of unpleasant realities is part of wisdom, that, too, is progress.

The changes taking place in the Eastern countries of the continent go beyond changes in their economic systems and greater openness in their military activities. Changes have also begun to occur in the field of human rights, as was called for in the Final Act. The rest of us would like to see the changes that are being announced actually registered in the law and practice of our Eastern partners and

in the documents under negotiation in the Vienna followup to the Helsinki conference.

Much has been said about the human rights and humanitarian provisions in the Final Act and the failure of the Eastern bloc to honor them. Yet, for all the bleak winds that have swept the plains of justice since that signing day in 1975, the accords have taken root in the conscience of humanity and grown in moral and, increasingly, in diplomatic authority. I believe that this is no accident. It reflects an increasing realization that the agenda of East-West relations must be comprehensive, that security and human rights must be advanced together or cannot truly be secured at all. But it also shows that the provisions in the Final Act reflect standards that are truly universal in their scope. The accords embody a fundamental truth, a truth that gathers strength with each passing season and that will not be denied—the truth that, like the Finnish settlers in America, all our ancient peoples find themselves today in a new world and that, as those early settlers discovered, the greatest creative and moral force in this new world, the greatest hope for survival and success, for peace and happiness, is human freedom.

Yes, freedom—the right to speak, to print; the right to worship, to travel, to assemble; the right to be different—the right, as the American philosopher, Henry David Thoreau, wrote, “to step to the music of a different drummer.”—this is freedom as most Europeans and Americans understand it and freedom as it is embodied in the Universal Declaration of Human Rights and, yes, in the Helsinki accords. And far more than the locomotive or the automobile, the airplane or the rocket, more than radio, television, or the computer, this concept of liberty is the most distinct, peculiar, and powerful invention of the civilization we all share.

Indeed, without this freedom there would have been no mechanical inventions, for inventions are eccentricities. The men and women who create them are visionaries, just like artists and writers. They see what others fail to see and trust their insights when others don't.

The same freedom that permits literature and the arts to flourish, the same freedom that allows one to attend church, synagogue, or mosque without apprehension, that same freedom from oppression and supervision is the freedom that has given us, the peoples of Western Europe and North America, our dynamism, our economic growth, and our inventiveness. Together with Japan and Australia, and many others we have lived in this state of freedom this house of democracy, since the end of the Second World War. The house of democracy is a house whose doors are open to all. Because of it, because of the liberty and popular rule we've shared, today we also share a prosperity more widely distributed and extensive, a peculiar order more tolerant and humane than has ever before been known on earth.

To see not simply the immediate historic importance of this, we should remember how far many of our nation have traveled and how desolate the future of freedom and democracy once seemed. For much of this century, the totalitarian temptation, in one form or other, has beckoned to mankind, also promising freedom, but of a different kind than the one we celebrate today. This concept of liberty is, as the Czech Slovak writer, Milan Kundera, has put it, “the age-old dream of a world where everybody would live in harmony, united by a single common will and faith, without secrets from one another”—the dream of imposed perfection.

Fifty, forty, even as recently as thirty years ago, the contest between this utopian concept of freedom on the one hand and the democratic concept of freedom on the other seemed a close one. Promises of a perfect world lured many Western thinkers and millions of others besides. And many believed in the cold prediction of history's inevitable triumph. Well, few do today. Just as democratic freedom has proven itself increasingly fertile not merely in a material sense, but also in the abundance has brought forth in the human spirit, so, too, utopianism has proven brutal and barren.

Albert Camus once predicted that in his words, “when revolution in the name of power and of history becomes



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Moscow Summit

numerous and immoderate mechanism, a new rebellion is consecrated in the name of moderation of life." Isn't this exactly what we see happening across the mountains and plains of Europe and beyond the Urals today? In Western Europe, support for utopian ideology—including support among intellectuals—has all but collapsed, while in the democratic countries, leaders grapple with the internal contradictions of their system and some ask how they can make the system better and more productive. In this sense, the front line in the competition of ideas that has played in Europe and America for more than 70 years has moved East. Once it was the democrats that doubted their own view of freedom and wondered whether utopian systems might not be better. Today the fight is on the other side.

In just 2 days, I will meet in Moscow the General Secretary Gorbachev. It will be our fourth set of face-to-face meetings since 1985. The General Secretary and I have developed a broad agenda for Soviet relations—an agenda that is directed directly to the agenda of the Final Act. Yes, as does the Final Act, we will discuss security issues. We will pursue progress in arms reduction negotiations on the board and continue our exchanges on regional issues. Yes, we will discuss economic issues, although, in the Helsinki process, we have seen recent years how much the differences in systems inhibit expanded ties and difficult it is to divorce economic relations from human rights and other elements of that relationship. And, yes, as countries did at Helsinki, we will discuss other bilateral areas, as well, including scientific, cultural, and people-to-people exchanges, where we've been hard at work identifying new ways to cooperate. In this area, in particular, I believe we'll see some good results before the week is over.

And like the Final Act, our agenda includes human rights as an integral component. We have developed our dialogue and put in place new mechanisms of discussion. The General Secretary has spoken often and forthrightly on the problems confronting the Soviet Union.

In his campaign to address these shortcomings, he talks of *glasnost* and *perestroika*, openness and restructuring, words that to our ears have a particularly welcome sound. And since he began his campaign, things have happened that all of us applaud. The list includes the release from labor camps or exile of people like Andrey Sakharov, Irina Ratushinskaya, Anatoliy Koryagin, Josif Begun, and many other prisoners of conscience; the publication of books like *Dr. Zhivago* and *Children of the Arbat*; the distribution of movies like *Repentance*, that are critical of aspects of the Soviet past and present; allowing higher levels of emigration; greater toleration of dissent; General Secretary Gorbachev's recent statements on religious toleration; the beginning of Soviet withdrawal from Afghanistan.

All this is new and good. But at the same time, there is another list, defined not by us but by the standards of the Helsinki Final Act and the sovereign choice of all participants, including the Soviet Union, to subscribe to it. We need look no further through the Final Act to see where Soviet practice does not—or does not yet—measure up to Soviet commitment.

Thirteen years after the Final Act was signed, it's difficult to understand why cases of divided families and blocked marriages should remain on the East-West agenda or why Soviet citizens who wish to exercise their right to emigrate should be subject to artificial quotas and arbitrary rulings. And what are we to think of the continued suppression of those who wish to practice their religious beliefs? Over 300 hundred men and women whom the world sees as political prisoners have been released. There remains no reason why the Soviet Union cannot release all people still in jail for expression of political or religious belief, or for organizing to monitor the Helsinki Act.

The Soviets talk about a "common European home" and define it largely in terms of geography. But what is it that cements the structure of clear purpose that all our nations pledged themselves to build by their signature of the Final Act? What is it but the belief in the inalienable rights and dignity of every single

human being? What is it but a commitment to true pluralist democracy? What is it but a dedication to the universally understood democratic concept of liberty that evolved from the genius of European civilization? This body of values—this is what marks, or should mark, the common European home.

Mr. Gorbachev has spoken of, in his words, "the artificiality and temporariness of the bloc-to-bloc confrontation and the archaic nature of the 'iron curtain.'" Well, I join him in this belief and welcome every sign that the Soviets and their allies are ready not only to embrace but to put into practice the values that unify, and, indeed, define contemporary West European civilization and its grateful American offspring.

Some 30 years ago—another period of relative openness—the Italian socialist, Pietro Nenni, long a friend of the Soviet Union, warned that it was wrong to think that the relaxation could be permanent in, as he said, "the absence of any system of judicial guarantees." And he added that only democracy and liberty could prevent reversal of the progress underway.

There are a number of steps, which, if taken, would help ensure the deepening and institutionalization of promising reforms. First, the Soviet leaders could agree to tear down the Berlin Wall and all barriers between Eastern and Western Europe. They could join us in making Berlin itself an all-European center of communications, meetings, and travel. They could also give legal and practical protection to free expression and worship. Let me interject here that at one time Moscow was known as the City of the Forty Forties because there were 1,600 belfries in the churches of the city. The world welcomes the return of some churches to worship after many years, but there are still relatively few functioning churches and almost no bells. Mr. Gorbachev recently said, as he put it, "Believers are Soviet people, workers, patriots, and they have the full right to express their conviction with dignity." Well, I applaud Mr. Gorbachev's statement. What a magnificent demonstration of good will it would be for the Soviet leadership for church bells to ring out

again not only in Moscow but throughout the Soviet Union.

But beyond these particular steps, there's a deeper question. How can the countries of the East not only grant but guarantee the protection of rights? The thought and practice of centuries has pointed the way. As the French constitutional philosopher, Montesquieu, wrote more than 200 years ago, "There is no liberty if the judiciary power be not separated" from the other powers of government. And like the complete independence of the judiciary, popular control over those who make the laws provides a vital, practical guarantee of human rights. So does the secret ballot. So does the freedom of citizens to associate and act for political purposes or for free collective bargaining.

I know that for the Eastern countries such steps are difficult, and some may say it's unrealistic to call for them. Some said in 1975 that the standards set forth in the Final Act were unrealistic, that the comprehensive agenda it embodied was unrealistic. Some said, earlier in this decade, that calling for global elimination of an entire class of U.S. and Soviet intermediate-range nuclear missiles was unrealistic, that calling for 50% reductions in U.S. and Soviet strategic offensive arms was unrealistic, that the Soviets would never withdraw from Afghanistan. Well, is it realistic to pretend that rights are truly protected when there are no effective safeguards against arbitrary rule? Is it realistic, when the Soviet leadership itself is calling for *glasnost* and democratization, to say that judicial guarantees, or the independence of the judiciary, or popular control over those who draft the laws, or freedom to associate for political purposes are unrealistic? And finally, is it realistic to say that peace is truly secure when political systems are less than open?

We believe that realism is on our side when we say that peace and freedom can only be achieved together, but that they can indeed be achieved together if we're prepared to drive toward that goal. So did the leaders who met in this room to sign the Final Act. They were visionaries of the most practical kind. In shaping our policy toward the Soviet

Union, in preparing for my meetings with the General Secretary, I have taken their vision—a shared vision, subscribed to by East, West, and the proud neutral and nonaligned countries of this continent—as my guide. I believe the standard that the framers of the Final Act set, including the concept of liberty it embodies, is a standard for all of us. We can do no less than uphold it and try to see it turn, as the Soviets say, into "life itself."

We in the West will remain firm in our values, strong and vigilant in defense of our interests, ready to negotiate honestly for results of mutual and universal benefit. One lesson we drew again from the events leading up to the Intermediate-Range Nuclear Forces (INF) Treaty was that, in the world as it is today, peace truly does depend on Western strength and resolve. It is a lesson we will continue to heed.

But we're also prepared to work with the Soviets and their allies whenever they're ready to work with us. By strength we do not mean *diktat*, that is, an imposed settlement; we mean confident negotiation. The road ahead may be long, but not as long as our countries had before them 44 years ago when Finland's great President J.K. Paasikivi, told a nation that had shown the world uncommon courage in a harrowing time: "A path rises up from the slope from the floor of the valley. At times the ascent is gradual, at other times steeper. But all the time one comes closer and closer to free, open spaces, above which God's ever brighter sky can be seen. The way up will be difficult, but every step will take us closer to open vistas."

I believe that in Moscow, Mr. Gorbachev and I can take another step toward a brighter future and a safer world. And I believe that, for the sake of all our ancient peoples, this new world must be a place both of democratic freedom and of peace. It must be a world in which the spirit of the Helsinki Final Act guides all our countries like a great beacon of hope to all mankind for ages to come.

Thank you and God bless you. And bear with me now—*Onnea ja menestystä koko Suomen kansalle* [Good luck and success to the entire Finnish people].

PRESIDENT'S STATEMENT, HELSINKI, MAY 27, 1988²

I am very pleased with the action of the U.S. Senate in consenting to ratification of the INF Treaty. In 2 days, I will arrive in the Soviet Union to meet with General Secretary Gorbachev to discuss our four-part agenda. Today's action by the Senate clearly shows support for arms reduction objectives.

I want to express my appreciation for the leadership demonstrated by Majority Leader Bob Byrd and Republic Leader Bob Dole in securing the time approval of this treaty. I have invited them to join me for the exchange of ratification documents in Moscow.

I continue to have concerns about the constitutionality of some provisions of the resolution of ratification, particularly those dealing with interpretation and I will communicate with the Senate on these matters in due course.

PRESIDENT'S RADIO ADDRESS, HELSINKI, MAY 28, 1988²

As this pretaped broadcast reaches you I'm in Helsinki, Finland, on my way to the Soviet Union, where I arrive on Sunday.

When I meet in the coming days with Soviet General Secretary Gorbachev, it will be our fourth set of face-to-face talks in 3 years. Through our conversations, U.S.-Soviet relations have moved forward on the basis of frankness and realism. This relationship has not rested on any single issue, but has been built on a sturdy four-part agenda that includes human rights, regional conflicts, arms reduction, and bilateral exchange. What has been achieved in this brief span of time offers great hope for a brighter future and a safer world.

Through Western firmness and resolve, we concluded the historic INF Treaty that provides for the global elimination of an entire class of U.S. and Soviet intermediate-range nuclear missiles. Soviet Armed Forces are now withdrawing from Afghanistan, a historic event that should lead finally to peace



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determination, and healing for that
suffering people, and to an inde-
pendent and undivided Afghan nation.

It is also encouraging to hear Gen-
eral Secretary Gorbachev speak forth-
rightly about *glasnost* and *perestroika*—
openness and restructuring in the Soviet
Union—words that to Western ears have
been particularly welcome sound. And since
he began his campaign, we can list devel-
opments that the free world heartily ap-
plauds. We've seen many well-known
prisoners of conscience released from
harsh labor camps or strict internal
control, courageous people like Josif Begun
and Andrey Sakharov.

Soviet authorities have permitted
publication of books, like *Dr.
Zhigago*, and the distribution of movies,
such as *Repentance*, that are critical of
aspects of the Soviet past and pres-
ent. Greater emigration has been al-
lowed. Greater dissent is being toler-
ated. And recently, General Secretary
Gorbachev has promised to grant a meas-
ure of religious freedom to the peoples of
the Soviet Union.

All this is new and good. But at the
same time, there's another list that the
West cannot ignore. While there are im-
provements, the basic structure of the
system has not changed in the Soviet
Union or in Eastern Europe, and there
remain significant violations of human
rights and freedoms. In Asia, Africa, and
Central America, unpopular regimes use
Soviet arms to oppress their own people
and commit aggression against neighbor-
ing states. These regional conflicts ex-
pect a terrible toll of suffering and
threaten to draw the United States and
the Soviet Union into direct confronta-
tion.

These and related concerns will be
at the top of my agenda in the days
ahead. I shall say, among other things,
that the Soviet Union should fully honor
the Helsinki accords. In view of that
document, signed in Helsinki in 1975, it
is difficult to understand why almost 13
years later, cases of divided families and
broken marriages should remain on the
East-West agenda or why Soviet citi-
zens who wish by right to emigrate
should not be able to do so. And there
are other issues: the recognition of those

who wish to practice their religious be-
liefs and the release of all prisoners of
conscience.

In working for a safer world and a
brighter future for all people, we know
arms agreements alone will not make the
world safer; we must also reduce the rea-
sons for having arms. As I said to Gen-
eral Secretary Gorbachev when we first

met in 1985, we do not mistrust each
other because we're armed; we're armed
because we mistrust each other. History
has taught us that it is not weapons that
cause war but the nature and conduct of
the governments that wield the weap-
ons. So, when we encourage Soviet re-
forms, it is with the knowledge that de-
mocracy not only guarantees human



(White House photo by Pete Souza)

Andrei Gromyko, Chairman of the Presidium of the Supreme Soviet, and Soviet
Foreign Minister Eduard Shevardnadze welcome President and Mrs. Reagan to
Moscow at Vnukovo II Airport.



(White House photo by Bill Fitz-Patrick.)

Arrival ceremony in St. George's Hall at the Grand Kremlin Palace.

rights, but also helps prevent war, an in truth, is a form of arms control. So ally, our whole agenda has one purpose: to protect peace, freedom, and life itself.

We would like to see positive changes in the U.S.S.R. institutions so that they'll become lasting features of Soviet society. And I would like to see more Soviet young people come here to experience and learn from our society. And that's why we're ready to work with the Soviets, to praise and criticize and work for greater contact and for change because that is the path to lasting peace, greater freedom, and a safer world.

ARRIVAL REMARKS, THE KREMLIN, MOSCOW, MAY 29, 1988³

General Secretary Gorbachev⁴

On behalf of the people and Government of the Soviet Union, I extend to you sincere greetings on the occasion of your visit. Welcome.

It is now almost 6 months since our meeting in Washington, which went down in history as a major milestone in Soviet-American and in international relations. Now, on this return trip, you, Mr. President, have traversed the great distance that lies between our two capitals to continue our political dialogue. This is a fact we duly appreciate. As this is our fourth meeting, we can already make some meaningful assessments. We see it, long-held dislikes have been weakened; habitual stereotypes stemming from enemy images have been shaken loose. The human features of each other nation are now more clearly visible. This in itself is important, for at the turn of the two millennia, history objectively bound our two countries to a common responsibility for the destinies of mankind. The peoples of the world, and, in the first place, the Soviet and American people welcome the emerging positive changes in our relationship; I hope that your visit and talks here will be productive, providing a fresh impetus in all areas of dialogue and interaction between our two great nations.



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You and I are conscious of our two peoples' longing for mutual understanding, cooperation, and a safe and stable world. This makes it incumbent upon us to discuss constructively the main aspects of disarmament: the set of issues related to 50% cuts in strategic offensive arms, while preserving the 1972 ABM (Anti-Ballistic Missile) Treaty; problems of eliminating chemical weapons; reductions in armed forces and conventional armaments in Europe; cessation of nuclear testing. The world is also looking to us for responsible judgments on other common issues of today, such as the settlement of regional conflicts; improving international economic relations; promoting development, overcoming backwardness, poverty, and mass diseases; humanitarian problems. And of course, we shall discuss bilateral relations.

Our previous meetings have shown that constructive Soviet-U.S. relations are possible. The treaty on intermediate-range and shorter range missiles is the most impressive symbol of that. But even more complex and important tasks lie ahead. I so, you and I still have a lot of work to do. And it is good when there is a lot of work to be done and people need that work. We are ready to do our utmost in the coming days in Moscow.

Mr. President, you and Mrs. Reagan are here on your first visit to the Soviet Union, a country which you have so often mentioned in your public statements. We are aware of your interests in Russian problems, let me add another one to your collection: "It is better to see once than to hear a hundred times." Let me assure you that you can look forward to hospitality, warmth, and good will. You will have many meetings with Soviet people. They have a centuries-old history behind them. They love their land and take pride in their accomplishments. They regret things that are presently standing in their way, and they are heatedly discussing how their country can best progress. They are full of plans for the future.

Being ardent patriots, Soviet people are open to friendship and cooperation with all nations. They harbor sincere respect for the American people and want

good relations with your country. Here, within the walls of the ancient Kremlin, where one feels the touch of history, people are moved to reflect over the diversity and greatness of human civilization. So, may this give greater historical depth to the Soviet-American talks to be held here, infusing them with a sense of mankind's shared destinies.

Once again, I bid you welcome.

President Reagan

Thank you for those kind words of welcome. We've traveled a long road together to reach this moment—from our first meeting in Geneva in November 1985, when I invited you to visit me in Washington and you invited me to Moscow. It was cold that day in Geneva, and even colder in Reykjavik when we met the following year to work on the preparations for our exchange of visits. We've faced great obstacles, but by the time of your visit to Washington last December, although we still had to grapple with difficult issues, we had achieved impressive progress in all the areas of our common agenda—human rights, regional issues, arms reduction, and our bilateral relations.

We signed a treaty that will reduce the level of nuclear arms for the first time in history by eliminating an entire class of U.S. and Soviet intermediate-range missiles. We agreed on the main points of a treaty that will cut in half our arsenals of strategic offensive nuclear arms. We agreed to conduct a joint experiment that would allow us to develop effective ways to verify limits on nuclear testing. We held full and frank discussions that planted the seeds for future progress.

It is almost summer. And some of those seeds are beginning to bear fruit, thanks to the hard work we have both done since our last meeting, including monthly meetings by our Foreign Ministers and the first meeting of our Defense Ministers. We have signed the Geneva accords, providing for the withdrawal of all Soviet troops from Afghanistan, and the first withdrawals have begun. We and

our allies have completed technical arrangements necessary to begin implementing the INF Treaty as soon as it enters into force. For the next major step in arms control, reductions in U.S. and Soviet strategic offensive arsenals, our negotiators in Geneva have produced hundreds of pages of joint draft treaty text recording our areas of agreement, as well as those issues yet to be resolved.

Our new Nuclear Risk Reduction Centers have begun their transmissions of routine notifications to reduce the risk of conflict. Our scientists are installing the equipment for our joint experiment to verify limits on nuclear testing. Our experts have held broad-ranging discussions on human rights, and important steps have been taken in that area. We have greatly expanded our bilateral exchanges since we signed our agreement in 1985. I hope you'll agree with me that more of our young people need to participate in these exchanges, which can do so much to lay the basis for greater mutual understanding in the next generation.

I could go on—the list of accomplishments goes far beyond what many anticipated. But I think the message is clear: despite clear and fundamental differences, and despite the inevitable frustrations that we have encountered, our work has begun to produce results.

In the past, you've taken note of my liking for Russian proverbs. And in order not to disappoint anyone on this visit, I thought I would mention a literary saying from your past, another example of your people's succinct wisdom: *Roditsiya ne toropitsiya*—it was born, it wasn't rushed.

Mr. General Secretary, we did not rush. We have taken our work step by step. And I have come here to continue that work. We both know it will not be easy. We both know that there are tremendous hurdles yet to be overcome. But we also know that it can be done because we share a common goal: strengthening the framework we have already begun to build for a relationship that we can sustain over the long term—a relationship that will bring genuine benefits to our own peoples and to the world.

**PRESIDENT'S REMARKS,
DANILOV MONASTERY,
MOSCOW,
MAY 30, 1988²**

It's a very great pleasure to visit this beautiful monastery and to have a chance to meet some of the people who have helped make its return to the Russian Orthodox Church a reality. I am also addressing in spirit the 35 million believers whose personal contributions made this magnificent restoration possible.

It's been said that an icon is a window between heaven and earth through which the believing eye can peer into the beyond. One cannot look at the magnificent icons created, and recreated here under the direction of Father Zinon, without experiencing the deep faith that lives in the hearts of the people of this land. Like the saints and martyrs depicted in these icons, the faith of your people has been tested and tempered in the crucible of hardship. But in that suffering, it has grown strong, ready now to embrace with new hope the beginnings for a second Christian millennium.

We in our country share this hope for a new age of religious freedom in the Soviet Union. We share the hope that this monastery is not an end in itself but the symbol of a new policy of religious tolerance that will extend to all peoples of all faiths. We pray that the return of this monastery signals a willingness to return to believers the thousands of other houses of worship which are now closed, boarded up, or used for secular purposes.

There are many ties of faith that bind your country and mine. We have in America many churches, many creeds, that feel a special kinship with their fellow believers here—Protestant, Catholic, Jewish, Orthodox, and Islamic. They are united with believers in this country in many ways, especially in prayer.

Our people feel it keenly when religious freedom is denied to anyone anywhere and hope with you that soon all the many Soviet religious communities that are now prevented from registering or are banned altogether, including the Ukrainian Catholic and Orthodox Churches, will soon be able to practice their religion freely and openly and instruct their children in and outside the home in the fundamentals of their faith.



President Reagan's visit to the Danilov Monastery which was founded in 1282. Disbanded shortly after the revolution in 1917, the monastery was returned to the Russian Orthodox Church in 1983.

We don't know if this first thaw will be followed by a resurgent spring of religious liberty—we don't know, but we may hope. We may hope that *perestroika* will be accompanied by a deeper restructuring, a deeper conversion, a *men-tanoya*, a change in heart, and that *glasnost*, which means giving voice, will also let loose a new chorus of belief, singing praise to the God that gave us life.

There is a beautiful passage that I'd just like to read, if I may. It's from one

of this country's great writers and thinkers, Aleksandr Solzhenitsyn, about the faith that is as elemental to this land as the dark and fertile soil. He wrote:

When you travel the by-roads of Central Russia, you begin to understand the secret of the passifying Russian countryside. It is in the churches. They lift their belltowers—gaudy, shapely, all different—high over mundane timber and thatch. From villages that are so close and so far off and invisible to each other, they soak up the same heaven. People who are always so close



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often unkind—but the evening chimes used to ring out, floating over the villages, fields, woods, reminding men that they must not dwell on trivial concerns of this world and give thought to eternity.

Our prayers may keep that thought in mind; the thought that the bells are ringing again, sounding throughout Moscow and across the countryside, clamoring for joy in their new-found freedom.

PRESIDENT'S REMARKS TO SELECTED SOVIET CITIZENS, THE WHITE HOUSE, WASHINGTON, D.C.

July 30, 1988⁵

For the discussions we've just had, I think it might be appropriate for me to begin by letting you know why I so valued this meeting to take place. You wanted to convey to you that you heard the prayers and support of the American people, indeed of people throughout the world. I wanted to convey this support to you that you might in turn convey it to others, so that all those

working for human rights throughout this vast land—from the Urals to Kamchatka, from the Laptev Sea to the Caspian—might be encouraged and take heart.

In one capacity, of course, I speak as a head of government. The United States views human rights as fundamental to our relationship with the Soviet Union and all nations. From the outset of our Administration, we've stressed that an essential element in improving relations between the United States and the Soviet Union is human rights and Soviet compliance with international covenants on human rights.

There have been hopeful signs—indeed I believe this a hopeful time for your nation. Over the past 3 years more than 300 political and religious prisoners have been released from labor camps. Fewer dissidents and believers have been put in prisons and mental hospitals. And in recent months, more people have been permitted to emigrate or reunite with their families.

The United States applauds these changes, yet the basic standards that the

Soviet Union agreed to almost 13 years ago in the Helsinki accords, or a generation ago in the Universal Declaration of Human Rights, still need to be met. If I may, I'd like to share with you the main aims of our human rights agenda during this summit meeting here in Moscow.

Freedom of religion—in the words of the Universal Declaration of Human Rights, "Everyone has the right to freedom of thought, conscience, and religion." I'm hopeful the Soviet Government will permit all the peoples of the Soviet Union to worship their creator, as they themselves see fit, in liberty.

Freedom of speech—again in the words of the Universal Declaration of Human Rights, "Everyone has the right to freedom of opinion and expression." It is my fervent hope for you and your country that there will soon come a day when no one need fear prison for offenses that involve nothing more than the spoken or written word.

Freedom of travel—I've told the General Secretary how heartened we are that during the past year the number of those permitted to emigrate has risen.



(White House photo by Mary Anne Eckelman-Miner)

President Reagan meeting with Soviet dissidents at Spaso House.

We're encouraged as well that the number of those permitted to leave for short trips, often family visits, has gone up. And yet the words of the Universal Declaration go beyond these steps, "Everyone has the right to leave any country, including his own, and to return to his own country." It is our hope that soon there will be complete freedom of travel.

In particular, I've noted in my talks here the many who have been denied the right to emigrate on the grounds that they held secret knowledge, even though their secret work had ended years before and their so-called secrets had long since either become public knowledge or obsolete. Such cases must be rationally reviewed.

And finally, institutional changes to make progress permanent.

I've come to Moscow with this human rights agenda because, as I suggested, it is our belief that this is a moment of hope. The new Soviet leaders appear to grasp the connection between certain freedoms and economic growth. The freedom to keep the fruits of one's own labor, for example, is a freedom that the present reforms seem to be enlarging. We hope that one freedom will lead to another and another, that the Soviet Government will understand that it is the individual who is always the source of economic creativity, the inquiring mind that produces a technical breakthrough, the imagination that conceives of new products and markets; and that in order for the individual to create, we must have a sense of just that—his own individuality, his own self-worth. He must sense that others respect him, and, yes, that his nation respects him—respects him enough to grant him all his human rights. This, as I said, is our hope, yet whatever the future may bring, the commitment of the United States will nevertheless remain unshakable on human rights. On the fundamental dignity of the human person, there can be no relenting, for now we must work for more, always more.

And here I would like to speak to you not as a head of government, but as a man, a fellow human being. I came here hoping to do what I could to give you strength. Yet I already know it is you who have strengthened me, you who have given me a message to carry back.

While we press for human rights through diplomatic channels, you press with your very lives, day in, day out, year after year, risking your jobs, your homes, your all.

If I may, I want to give you one thought from my heart. Coming here, being with you, looking into your faces, I have to believe that the history of this troubled century will indeed be redeemed in the eyes of God and man, and that freedom will truly come to all, for what injustice can withstand your strength, and what can conquer your prayers. And so I say with Pushkin: "It's time my friend, it's time. The heart begs for peace, the days fly past, it's time, my friend, it's time."

Could I play a little trick on you and say something that isn't written here? Sometimes when I'm faced with an unbeliever, an atheist, I am tempted to invite him to the greatest gourmet dinner that one could ever serve. And when we finished eating that magnificent dinner, to ask him if he believes there's a cook.

DINNER TOASTS, THE KREMLIN, MOSCOW, MAY 30, 1988⁶

General Secretary Gorbachev ⁴

I welcome you in the Moscow Kremlin. For five centuries, it has been the site of events that constituted milestones in the life of our state. Decisions crucial to the fate of our nation were made here. The very environment around us is a call for responsibility to our times and contemporaries, to the present, and to the future.

It is here that we wish to emphasize the importance of the newly discovered truth that it is no longer possible to settle international disputes by force of arms. Our awareness of the realities of the present-day world has led us to that conclusion. I like the notion of realism, and I also like the fact that you, Mr. President, have lately been uttering it more and more often.

Normal and, indeed, durable Soviet-American relations, which so powerfully affect the world's political climate, are only conceivable within the framework of

realism. Thanks to realism, for all ourferences, we have succeeded in arriving at a joint conclusion which, though very simple, is of historic importance: a nuclear war cannot be won and must never be fought. Other conclusions follow with inexorable logic. One of them is whether there is any need for weaponry which cannot be used without destroying ourselves and all of mankind. I believe the realization of this became Reykjavik's pivotal idea.

Our Warsaw treaty allies firmly held here to this position. This is our powerful support in all matters related to nuclear disarmament. They have given the Soviet leadership a clear mandate to negotiate radical nuclear arms limitations and reductions with the United States. My talks with leaders of socialist countries and with authoritative representatives of other nations make it clear to me that there is a common desire to overcome military confrontation and to end the race in both nuclear and conventional arms.

To this, it should be added that the realistic approach is making a way for us in all directions and on all continents. And the idea of resolving today's problems solely by political means is gaining increasing authority. There is an ever-broadening desire of the most diverse political and social forces for dialogue, exchanges, for better knowledge of each other, and for mutual understanding. This is indeed so, if this is the will of all peoples, an effort is needed to ensure that the stocks of the ferment of real policies keep growing and never run out. For that, it is essential to understand each other better, to take into account the specific features of life in various countries, the historical conditions that shape them, and the choice made by their peoples.

I recall the words you once spoke, Mr. President, and I quote: "The only way to resolve differences is to understand them." How very true. Let me just add that seeking to resolve differences should not mean an end to being different. The diversity of the world's powerful wellspring of mutual enrichment, both spiritual and material.

Ladies and gentlemen, comrades, the word *perestroika* does not sound



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chronistic, even within these ancient
als, for renewal of society, humaniza-
of life, and elevated ideals are at all
es and everywhere in the interests of
people and of each individual. And
en this happens, especially in a great
ntry, it is important to understand
meaning of what it is going through.
his desire to understand the Soviet
on that we are now seeing abroad.
I we regard this as a good sign be-
se we do want to be understood cor-
ly. This is also important for civilized
rational relations. Everyone who
its to do business with us will find it
ful to know how Soviet people see
selves.

We see ourselves even more con-
ceded that our socialist choice was cor-
e, and we cannot conceive of our coun-
developing without socialism based
ny other fundamental values. Our
gram is more democracy, more
smost, more social justice with full
sperity and high moral standards.
goal is maximum freedom for man,
the individual, and for society. Inter-
nationally, we see ourselves as part of
a global civilization, where each has the
right to a social and political choice—to a
thy and equal place within the com-
munity of nations.

On issues of peace and progress, we
believe in the primacy of universal
human values and regard the preserva-
tion of peace as the top priority. And
it is why we advocate the establish-
ment of a comprehensive system of inter-
national security as a condition for the
survival of mankind. Linked with this is
our desire to revive and enhance the
role of the United Nations on the basis of
the original goals which the Soviet Union
and the United States, together with
their allies, enshrined in the charter of
that organization. Its very name is sym-
bolic—the United Nations—united in
their determination to prevent new
calamities of war, to banish war from in-
ternational relations, and to affirm just
principles securing a worthy life for any-
one, whether large or small, strong or
weak, rich or poor.

We want to build contacts among
people in all forums, to expand and im-
prove the quality of information, and to

develop ties in the spheres of science, cul-
ture, education, sports, and any other
human endeavor. But this should be done
without interfering in domestic affairs,
without sermonizing or imposing one's
views and ways, without turning family
or personal problems into a pretext for
confrontation between states. In short,
our time offers great scope for action in
the humanitarian field. Nations should
understand each other better, know the
truth about each other, and free them-
selves from bias and prejudice.

As far as we know, most Americans,
just like us, want to get rid of the demon
of nuclear war, but they, just like us,
just like all people of earth, are becoming
increasingly concerned over the risks of
environmental disaster. Such a risk can
only be averted if we act together. In-
creasingly urgent is the truly global prob-
lem of the economic state of the world—
in the North and South, in the West and
East of this planet. The economic founda-
tion of civilization will be destroyed un-
less a way is found to put an end to the
squandering of funds and resources for
war and destruction, unless the problem
of debt is settled and world finances are
stabilized, unless the world market be-
comes truly worldwide by incorporating
all states and nations on an equal footing.

It is across this spectrum of issues
that we approach international affairs
and, of course, our relations with the
United States of America. We are moti-
vated by an awareness of the realities
and imperatives of the nuclear and space
age, the age of sweeping technological
revolution when the human race has
turned out to be both omnipotent and
mortal. It was this awareness that engen-
dered the new thinking, which has made
possible a conceptual and practical break-
through in relations between us as well.

This meeting, while taking stock of a
fundamentally important period in So-
viet-American relations, has to consoli-
date our achievements and give new im-
petus for the future. Never before have
nuclear missiles been destroyed. Now we
have an unprecedented treaty, and our
two countries will be performing for the
first time ever this overture of nuclear
disarmament. The performance has to be
flawless.

The Soviet Union and the United
States are acting as guarantors of the Af-
ghan political settlement. This, too, is a
precedent of tremendous importance. As
guarantors, our two countries face a
very responsible period, and we hope
they both will go through it in a befitting
manner. The whole world is watching to
see how we are going to act in this situa-
tion.

Our main task continues to be the
working out of an agreement on 50% re-
ductions in strategic offensive arms
while observing the ABM Treaty. In our
talks today, you and I devoted a lot of at-
tention, and with good cause, to discuss-
ing the entire range of these problems.
We are expected to ensure that the
Moscow summit open up new horizons in
the Soviet-American dialogue—in rela-
tions between the U.S.S.R. and the
United States for the benefit of our two
nations and the entire world. This is
worth any effort and any amount of good
will.

To cooperation between the Soviet
Union and the United States of America,
to their better mutual knowledge and mu-
tual understanding. I wish good health
and happiness to you, Mr. President, to
Mrs. Nancy Reagan, and to all our distin-
guished guests.

President Reagan

I want to thank you again for the hospi-
tality that we've encountered this even-
ing and at every turn since our arrival
in Moscow. We appreciate deeply the per-
sonal effort that you, Mrs. Gorbachev,
and all of your associates have expended
on our behalf.

Today has been a busy day. I want
to thank you for the opportunity to meet
with so many divergent members of So-
viet society. As you know, I traveled to
Danilov and met there with the clergy at
that ancient monastery and later in the
day had most interesting exchanges with
other members of Soviet society at Spaso
House. These meetings only confirmed
the feelings of admiration and warmth
that Americans harbor toward the peo-
ples of the Soviet Union. As wartime al-
lies, we came to know you in a special
way. But in a broader sense, the Ameri-
can people, like the rest of the world, ad-
mire the saga of the peoples of the Soviet



White House photo by Pete Souza

President Reagan makes dinner toast at state dinner at St. Vladimir's Hall at the Grand Kremlin Palace.

Union. The clearing of the forest, the struggle to build a society, the evolution into a modern state, and the struggle against Hitler's armies. There are other ways, too, that we know you: "Happy or sad, my beloved, you are beautiful," says one of your folk songs, "as beautiful as a Russian song, as beautiful as a Russian soul."

As expressed in the great music, architecture, art—we need only look about us this evening—and literature that over many centuries you've given the world, we have beheld the beauty and majesty of your peoples' national experience.

And without belittling the serious business before us, all of the fundamental issues that separate our governments, I hope you'll permit me tonight to say that in the eyes of the American people, your people truly are, as the song suggests, a people of heart and mind, a people—to use our vernacular—with soul. And that's why we believe there's common ground between our two peoples, and why it is our duty to find common ground for our two governments.

Over the next 3 days, General Secretary Gorbachev and I will review what has been accomplished over the past 3 years and what our two nations might accomplish together in the months to come. We have a great deal to discuss on both accounts. What we have achieved is a good beginning. We have taken the first step toward deep reductions of our nuclear arsenals. We have taken the first step toward dealing with the reality that much of the tension and mistrust between our two countries arises from very different concepts of the fundamental rights and role of the individual in society. We have taken the first step to build that network of personal relationships and understanding between societies, between people, that are crucial to dispelling dangerous misconceptions and stereotypes.

These are good first steps, and we can both take pride in them, but as I said, they are just a start. Nuclear arsenals remain too large. The fighting continues needlessly, tragically in too many regions of the globe. The vision of freedom and cooperation enshrined in the Helsinki Final Act remains unrealized. The American and Soviet peoples are getting to know each other better, but not well enough. You and I are meeting now for the fourth time in 3 years—a good deal more often than our predecessors. And this has allowed our relationship to differ from theirs in more than a quantitative state of sense.

We have established the kind of working relationship I think we both had in mind when we first met in Geneva. We've been candid about our differences but sincere in sharing a common objective and working hard together to draw closer to it. It's easy to disagree, and much harder to find areas where we can

agree. We and our two governments have both gotten into the habit of look for those areas. We found more than we expected.

I intend to pursue the search for common ground during the months left to me as President. When I pass the job on to my successor, I intend to tell him it is a search that must be continued. Based on the achievements of the last few years, I will also tell him it is a search that can succeed.

Once again, Mr. General Secretary, I want to extend my thanks for your hospitality. I also hope you'll permit me to mention that, as you have been a gracious host, we've tried to be gracious guests by bringing along some small expressions of our gratitude. There's one gift in particular that I wanted to mention, not only in view of my own former profession, but because it has, I think something important to say to us about what is underway this week in Moscow. It is a film—not as well known as some but an American classic. It is a powerfully acted and directed story of family and romantic love, of devotion to the land and dedication to higher principle. It is also fun, it has humor. There's a renegade goose, a mischievous young boy, a noisy neighbor, a love-struck teenager in love with a gallant soldier, an adolescent struggling for manhood, a lovely highly-principled wife, and a gentle but strong father. It's about the good and sometimes difficult things that happen between man and wife, and parent and child. The films also has sweep and melody and power and pathos. For you see, it takes place against the backdrop of an American epic, the Civil War. And because the family is of the Quaker religion and renounces violence, each of its characters must, in his or her own way, face this war and the moral dilemma it poses. The film shows not just the tragedy of war, but the problems of pacifism, the nobility of patriotism, as well as the love of peace.

I promise not to spoil its outcome for you, but I hope you'll permit me to describe one scene. Just as the invading armies come into southern Indiana—one of our States—the Quaker farmer is approached by two of his neighbors. One is also a Quaker who earlier in the story



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en times were peaceful, denounces violence and vows never to lift his hand in anger. But now that the enemy has armed his barn, he's on his way to battle and criticizes his fellow Quaker for not joining him in renouncing his religious beliefs. The other visitor, also on his way to battle, is the intruding but friendly neighbor. Yet it is this neighbor, although a believer, who says he's proud of the Quaker farmer's decision not to fight. In the face of the tragedy of war, he's grateful, as he says, that somebody's holding out for a better way of settling things.

It seems to me that in pursuing these summit meetings, we too have been holding out for a better way of settling things. And by the way, the film's title is more than a little appropriate. I called "Friendly Persuasion."

So, Mr. General Secretary, allow me to raise a glass to the work that has been done, to the work that remains to be done, and let us also toast the art of friendly persuasion, the hope of peaceful freedom, the hope of holding out for a better way of settling things. Thank you and God bless you.

PRESIDENT'S REMARKS, MOSCOW STATE UNIVERSITY, MOSCOW, JULY 31, 1988⁷

It is a great pleasure to be here at Moscow State University, and I want to thank you all for turning out. I know you are very busy this week, studying and taking your final examinations. So let me just say *zhelayu vam uspekha* [I wish you success]. Nancy couldn't make it today because she's visiting Leninabad, which she tells me is a very beautiful city, but she, too, says hello and wishes you all good luck.

Let me say it's also a great pleasure to be here again have this opportunity to speak directly to the people of the Soviet Union. Before I left Washington, I received many heartfelt letters and telegrams asking me to carry here a simple message—perhaps, but also some of the most important business of this summit: it is a message of peace and good will and hope for a growing friendship and closeness between our two peoples.

As you know, I've come to Moscow to meet with one of your most distinguished graduates. In this, our fourth summit, General Secretary Gorbachev and I have spent many hours together and I feel that we're getting to know each other well. Our discussions, of course, have been focused primarily on many of the important issues of the day, issues I want to touch on with you in a few moments. But first I want to take a little time to talk to you much as I would to any group of university students in the United States. I want to talk not just of the realities of today but of the possibilities of tomorrow.

Standing here before a mural of your revolution, I want to talk about a very different revolution that is taking place right now, quietly sweeping the globe without bloodshed or conflict. Its effects are peaceful, but they will fundamentally alter our world, shatter old assumptions, and reshape our lives. It's easy to underestimate because it's not accompanied by banners or fanfare. It's been called the technological or information revolution, and as its emblem, one might take the tiny silicon chip—no bigger than a fingertip. One of these chips has more computing power than a roomful of old-style computers.

As part of an exchange program, we now have an exhibition touring your country that shows how information technology is transforming our lives—replacing manual labor with robots, forecasting weather for farmers, or mapping the genetic code of DNA [deoxyribonucleic acid] for medical researchers. These microcomputers today aid the design of everything from houses to cars to spacecraft; they even design better and faster computers. They can translate English into Russian or enable the blind to read or help Michael Jackson produce on one synthesizer the sounds of a whole orchestra. Linked by a network of satellites and fiber-optic cables, one individual with a desktop computer and a telephone commands resources unavailable to the largest governments just a few years ago.

Like a chrysalis, we're emerging from the economy of the Industrial Revolution—an economy confined to and limited by the earth's physical resources—into, as one economist titled his

book *The Economy in Mind*, in which there are no bounds on human imagination and the freedom to create is the most precious natural resource.

Think of that little computer chip. Its value isn't in the sand from which it is made but in the microscopic architecture designed into it by ingenious human minds. Or take the example of the satellite relaying this broadcast around the world, which replaces thousands of tons of copper mined from the earth and molded into wire. In the new economy, human invention increasingly makes physical resources obsolete. We're breaking through the material conditions of existence to a world where man creates his own destiny. Even as we explore the most advanced reaches of science, we're returning to the age-old wisdom of our culture, a wisdom contained in the book of Genesis in the Bible: in the beginning was the spirit, and it was from this spirit that the material abundance of creation issued forth.

But progress is not foreordained. The key is freedom—freedom of thought, freedom of information, freedom of communication. The renowned scientist, scholar, and founding father of this university, Mikhail Lomonosov, knew that. "It is common knowledge," he said, "that the achievements of science are considerable and rapid, particularly once the yoke of slavery is cast off and replaced by the freedom of philosophy." You know, one of the first contacts between your country and mine took place between Russian and American explorers. The Americans were members of Cook's last voyage on an expedition searching for an Arctic passage; on the island of Unalaska, they came upon the Russians, who took them in, and together, with the native inhabitants, held a prayer service on the ice.

The explorers of the modern era are the entrepreneurs, men with vision, with the courage to take risks and faith enough to brave the unknown. These entrepreneurs and their small enterprises are responsible for almost all the economic growth in the United States. They are the prime movers of the technological revolution. In fact, one of the largest personal computer firms in the United



President Reagan's address before students and faculty of Moscow State University; founded in 1755, it is the largest and oldest continuously operating university in the Soviet Union.

States was started by two college students, no older than you, in the garage behind their home.

Some people, even in my own country, look at the riot of experiment that is the free market and see only waste. What of all the entrepreneurs that fail? Well, many do, particularly the successful ones—often several times. And if you ask them the secret of their success, they'll tell you it's all that they learned in their struggles along the way; yes, it's what they learned from failing. Like an athlete in competition or a scholar in pursuit of the truth, experience is the greatest teacher.

And that's why it's so hard for government planners, no matter how sophisticated, to ever substitute for millions of individuals working night and day to make their dreams come true. The fact is, bureaucracies are a problem around the world. There's an old story about a town—it could be anywhere—with a bureaucrat who is known to be a good-for-nothing, but he somehow had always hung on to power. So one day, in a town meeting, an old woman got up and said

to him, "There is a folk legend here where I come from that when a baby is born, an angel comes down from heaven and kisses it on one part of its body. If the angel kisses him on his hand, he becomes a handyman. If he kisses him on his forehead, he becomes bright and clever. And I've been trying to figure out where the angel kissed you so that you should sit there for so long and do nothing." [Laughter and applause.]

We are seeing the power of economic freedom spreading around the world—places such as the Republic of Korea, Singapore, Taiwan have vaulted into the technological era, barely pausing in the industrial age along the way. Low-tax agricultural policies in the subcontinent mean that in some years India is now a net exporter of food. Perhaps most exciting are the winds of change that are blowing over the People's Republic of China, where one-quarter of the world's population is now getting its first taste of economic freedom.

At the same time, the growth of democracy has become one of the most powerful political movements of our age. In

Latin America in the 1970s, only a third of the population lived under democratic government; today over 90% does. In the Philippines, in the Republic of Korea, free, contested, democratic elections are the order of the day. Throughout the world, free markets are the model for growth. Democracy is the standard by which governments are measured.

We Americans make no secret of belief in freedom. In fact, it's something of a national pastime. Every 4 years the American people choose a new president and 1988 is one of those years. At one point there were 13 major candidates running in the two major parties, not to mention all the others, including the social and libertarian candidates—all trying to get my job. About 1,000 local television stations, 8,500 radio stations, and 1,700 daily newspapers—each one an independent, private enterprise, fiercely independent of the government—report on the candidates, grill them in interview and bring them together for debates. In the end, the people vote; they decide who will be the next president.

But freedom doesn't begin or end with elections. Go to any American town, to take just an example, and you see dozens of churches, representing many different beliefs—in many places synagogues and mosques—and you'll find families of every conceivable national worshiping together.

Go into any schoolroom, and there you will see children being taught the Declaration of Independence, that they are endowed by their Creator with certain inalienable rights—among them liberty, and the pursuit of happiness—that no government can justly deny them guarantees in their Constitution for freedom of speech, freedom of assembly, freedom of religion.

Go into any courtroom, and there will preside an independent judge, beholden to no government power. The every defendant has the right to a trial by a jury of his peers, usually 12 men and women—common citizens, they are the ones, the only ones, who weigh the evidence and decide on guilt or innocence. In that court, the accused is innocent until proven guilty, and the word of a policeman, or any official, has no greater legal standing than the word of the accused.



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Go to any university campus, and there you'll find an open, sometimes heated discussion of the problems in American society and what can be done to correct them. Turn on the television, and you'll see the legislature conducting the business of government right there before the camera, debating and voting on the legislation that will become the law of the land. March in any demonstration, and there are many of them; the people's right of assembly is guaranteed by the Constitution and protected by the police.

Go into any union hall where the members know their right to strike is protected by law. As a matter of fact, one of the many jobs I had before this was being president of a union, the Screen Actors Guild. I led my union out on strike; and I'm proud to say, we won. But freedom is more even than this. Freedom is the right to question and change the established way of doing things. It is the continuing revolution of the marketplace. It is the understanding that allows us to recognize shortcomings and seek solutions. It is the right to put forth an idea, scoffed at by the experts, and watch it catch fire among the people. It is the right to dream—to follow your dream, or stick to your conscience, even when you're the only one in a sea of doubt.

Freedom is the recognition that no single person, no single authority or government, has a monopoly on the truth; that every individual life is infinitely precious, that every one of us put on this world has been put there for a reason and I have something to offer.

America is a nation made up of hundreds of nationalities. Our ties to you are more than ones of good feeling; they're ties of kinship. In America, you'll find Russians, Armenians, Ukrainians, peoples from Eastern Europe and Central Asia. They come from every part of this continent, from every continent, to live in harmony, seeking a place where their cultural heritage is respected, each valued for its diverse strengths and beauties and the richness it brings to our lives.

Recently, a few individuals and families have been allowed to visit relatives

in the West. We can only hope that it won't be long before all are allowed to do so, and Ukrainian-Americans, Baltic-Americans, and Armenian-Americans can freely visit their homelands, just as this Irish-American visits his.

Freedom, it has been said, makes people selfish and materialistic, but Americans are one of the most religious peoples on earth. Because they know that liberty, just as life itself, is not earned, but a gift from God, they seek to share that gift with the world. "Reason and experience," said George Washington, in his farewell address, "both forbid us to expect that national morality can prevail in exclusion of religious principle. And it is substantially true, that virtue or morality is a necessary spring of popular government."

Democracy is less a system of government than it is a system to keep government limited, unintrusive: a system of constraints on power to keep politics and government secondary to the important things in life, the true sources of value found only in family and faith.

But I hope you know I go on about these things not simply to extol the virtues of my own country, but to speak to the true greatness of the heart and soul of your land. Who, after all, needs to tell the land of Dostoevski about the quest for truth, the home of Kandinski and the Scriabin about imagination, the rich and noble culture of the Uzbek man of letters, Alisher Navoi, about beauty and heart?

The great culture of your diverse land speaks with a glowing passion to all humanity. Let me cite one of the most eloquent contemporary passages on human freedom. It comes, not from the literature of America, but from this country, from one of the greatest writers of the 20th century, Boris Pasternak, in the novel *Dr. Zhivago*. He writes:

I think that if the beast who sleeps in man could be held down by the threats—any kind of threat, whether of jail or of retribution after death—then the highest emblem of humanity would be the lion tamer in the circus with his whip, not the prophet who sacrificed himself. But this is just the point—what has for centuries raised man above the beast is not the cudgel, but an inward music—the irresistible power of unarmed truth.

The irresistible power of unarmed truth. Today the world looks expectantly to signs of change, steps toward greater freedom in the Soviet Union. We watch and we hope as we see positive changes taking place. There are some, I know, in your society who fear that change will bring only disruption and discontinuity—who fear to embrace the hope of the future.

Sometimes it takes faith. It's like that scene in the cowboy movie "Butch Cassidy and the Sundance Kid," which some here in Moscow recently had a chance to see. The posse is closing in on the two outlaws, Butch and Sundance, who find themselves trapped on the edge of a cliff, with a sheer drop of hundreds of feet to the raging rapids below. Butch turns to Sundance and says their only hope is to jump into the river below, but Sundance refuses. He says he'd rather fight it out with the posse, even though they're hopelessly outnumbered. Butch says that's suicide and urges him to jump, but Sundance still refuses, and finally admits, "I can't swim." Butch breaks up laughing and says, "You crazy fool, the fall will probably kill you." And, by the way, both Butch and Sundance made it, in case you didn't see the movie. I think what I've just been talking about is *perestroika* and what its goals are.

But change would not mean rejection of the past. Like a tree growing strong through the seasons, rooted in the earth and drawing life from the sun, so, too, positive change must be rooted in traditional values—in the land, in culture, in family, and community—and it must take its life from the eternal things, from the source of all life, which is faith. Such change will lead to new understandings, new opportunities, and to a broader future in which the tradition is not supplanted but finds its full flowering. That is the future beckoning to your generation.

At the same time, we should remember that reform that is not institutionalized will always be insecure. Such freedom will always be looking over its shoulder. A bird on a tether, no matter how long the rope, can always be pulled back. And that is why, in my conversation with

General Secretary Gorbachev, I have spoken of how important it is to institutionalize change—to put guarantees on reform. And we've been talking together about one sad reminder of a divided world: the Berlin Wall. It's time to remove the barriers that keep people apart.

I'm proposing an increased exchange program of high school students between our countries. General Secretary Gorbachev mentioned on Sunday a wonderful phrase you have in Russian for this. "Better to see something once than to hear about it a hundred times." Mr. Gorbachev and I first began working on this in 1985. In our discussion today, we agreed on working up to several thousand exchanges a year from each country in the near future. But not everyone can travel across the continents and oceans. Words travel lighter, and that's why we'd like to make available to this country more of our 11,000 magazines and periodicals and our television and radio shows that can be beamed off a satellite in seconds. Nothing would please us more than for the Soviet people to get to know us better and to understand our way of life.

Just a few years ago, few would have imagined the progress our two nations have made together. The INF Treaty, which General Secretary Gorbachev and I signed last December in Washington and whose instruments of ratification we will exchange tomorrow—the first true nuclear arms reduction treaty in history, calling for the elimination of an entire class of U.S. and Soviet nuclear missiles. And just 16 days ago, we saw the beginning of our withdrawal from Afghanistan, which gives us hope that soon the fighting may end and the healing may begin and that that suffering country may find self-determination, unity, and peace at long last.

It's my fervent hope that our constructive cooperation on these issues will be carried on to address the continuing destruction on conflicts in many regions of the globe and that the serious discussions that led to the Geneva accords on Afghanistan will help lead to solutions in southern Africa, Ethiopia, Cambodia, the Persian Gulf, and Central America.



President Reagan and General Secretary Gorbachev greet Soviet citizens during their tour of the Kremlin.

I have often said, nations do not distrust each other because they are armed; they are armed because they distrust each other. If this globe is to live in peace and prosper, if it is to embrace all the possibilities of the technological revolution, then nations must renounce, once and for all, the right to an expansionist foreign policy. Peace between nations must be an enduring goal, not a tactical stage in a continuing conflict.

I've been told that there's a popular song in your country—perhaps you know it—whose evocative refrain asks the question: "Do the Russians want a war?" In answer it says, "Go ask that silence lingering in the air, above the birch and poplar there; beneath those trees the soldiers lie. Go ask my mother, ask my wife; then you will have to ask no more. 'Do the Russians want a war?'" But what of your one-time allies? What of those who embraced you on the Elbe? What if we were to ask the watery graves of the Pacific or the European battlefields where America's fallen were buried far from home? What if we were

to ask their mothers, sisters, and sons do Americans want war? Ask us, too, and you'll find the same answer, the same longing in every heart. People do not make wars, governments do. And mother would ever willingly sacrifice sons for territorial gain, for economic vantage, for ideology. A people free to choose will always choose peace.

Americans seek always to make friends of old antagonists. After a colonial revolution with Britain, we have cemented for all ages the ties of kinship between our nations. After a terrible civil war between North and South, we healed our wounds and found true unity as a nation. We fought two world wars, my lifetime against Germany and one with Japan, but now the Federal Republic of Germany and Japan are two of our closest allies and friends.

Some people point to the trade disputes between us as a sign of strain, but they're the frictions of all families, and the family of free nations is a big and vital—and sometimes boisterous—one can tell you that nothing would please



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SECRETARY'S INTERVIEW, "MACNEIL/LEHRER NEWSHOUR," MOSCOW, MAY 31, 1988*

Q. Is the U.S. side feeling as positive as the Soviets sound today about the possibilities of a START treaty being signed this fall?

A. It's certainly possible, and we did make some headway during the course of this meeting in our working group. It's not certain, of course, because the problems ahead are difficult ones, and I think it's fair to say that both sides want to see the job done right. So we'll work on it very hard, but I wouldn't want to make a flat prediction.

Q. Does that mean that progress has been made on any of the four areas dividing the two sides? We had them listed for us the other day—SDI [Strategic Defense Initiative], how you count ALCMs [air-launched cruise missiles], how you verify whether the submarine-launched are conventional or nuclear, how to verify the mobile missiles or to ban them. On any or all of those areas, has significant progress been made?

A. I think significant progress has been made on the air-launched cruise missile question and on the great, difficult problems of verifying mobile missiles, if you allow them. And so those are the two important areas where I think some real headway was made.

It's possible that we have made headway on the others, although that headway hasn't emerged into things that are concrete and identifiable. But you know, when you talk over your positions back and forth, you lay the groundwork for people going back and sort of thinking it over again and saying, "Well, you know, they said this and they said that, and maybe there's a point here." It's that kind of thing that also makes progress, but you can't identify it in anything.

Q. Has the progress you've made here been unexpectedly good? I mean, did you make more than you came here thinking you might make?

A. Everybody came thinking different things probably. I felt that we would make some and we did, and I think I'll just leave it at that.

Q. How do you, at this level, really make significant progress on issues that are so fiendishly complicated? It has to be on a fairly simple level—I mean, like one side saying, "Well, we'll reduce our demands on that thing or we'll drop that." Is that the kind of level on which progress is made at the summit level?

A. There has been an evolution in the way of working at these problems that I think is quite interesting and seems to work well. Here's what happens: we bring here, and the Soviets have here, all of the expert people who know about this subject—the negotiators from Geneva, the people who do the work in Washington and their counterparts in Moscow. When we started out, the President and the General Secretary had a one-on-one meeting. Shortly thereafter, I had one with Foreign Minister [Eduard] Shevardnadze; and at that meeting we had around us this great big bunch of experts on all kinds of subjects—on human rights subjects, on regional issues, on bilateral problems, on the range of arms control issues, not just START and SDI—and we established working groups. And while we have been having these various meetings, the working groups, who are technically very well qualified, have been meeting themselves. Being in the atmosphere of the summit meeting, there is the potential for interaction up and down the line from the political level of decisions to the technical level, and that tends to give a stimulus. By and large, I think, in each one of the summit meetings we've made progress working that way and we've become increasingly confident that that's a good pattern.

Q. So, if I understand correctly, it's the atmosphere of the summit, with all the leaderships present and all the experts present, which makes them more likely to make some progress than when they're sitting there without all of you sitting on top of them in Geneva. Is that what you mean?

heart more than in my lifetime to see American and Soviet diplomats grappling with the problem of trade disputes between America and a growing, exuberant, exporting Soviet Union that had opened up to economic freedom and growth.

And as important as these official people-to-people exchanges are, nothing would please me more than for them to become unnecessary, to see travel between East and West become so routine that university students in the Soviet Union could take a month off in the summer and—just like students in the West—put packs on their backs and travel from country to country in Europe with barely a passport check in between. Nothing would please me more than to see the day that a concert promoter in, say, England could call up a Soviet rock group—without going through any government agency—and have them playing in Liverpool the next night. Is this just a dream? Perhaps. But it is a dream that is our responsibility to have come true.

Your generation is living in one of the most exciting, hopeful times in Soviet history. It is a time when the first breath of freedom stirs the air and the heart beats to the accelerated rhythm of the future, when the accumulated spiritual energies of a long silence yearn to break free. I am reminded of the famous passage near the end of Gogol's *Dead Souls*, comparing his nation to a speeding *volga*, Gogol asks what will be its destination. But he writes, "There was no answer save the bell pouring forth marvellous sound."

We do not know what the conclusion will be of this journey, but we're hopeful at the promise of reform will be fulfilled. In this Moscow spring, this May 88, we may be allowed that hope—at freedom, like the fresh green sapling planted over Tolstoy's grave—will blossom forth at last in the rich fertile soil of your people and culture. We may be allowed to hope that the marvelous sound of a new openness will keep rising rough, ringing through, leading to a new world of reconciliation, friendship, and peace.

Thank you all very much and *da blagoslovit vas gospod*—God bless you.

A. There are a variety of things. First, the people in Geneva who are the negotiators often get frustrated with the people in Washington, and maybe about Moscow. I can't speak about that and I don't know. But they say, "Come on Washington, make up your mind. Give us an answer to our questions that have come up." And the Washington people, of course, are watching the negotiations and trying to evaluate the proposals that are being made, and so on. So when you have all these people together in one place—

Q. And clear them through the bureaucracy—

A. Right. So when you have them all together in one place, it's all there, and there can be an interchange that's pretty rapid. At the same time, there are political decisions to be made, so to speak, and there is a kind of encouragement to that out of the summit process.

Q. What did Mr. Reagan mean today when he said in the Kremlin when reporters were asking questions, "We're settled on SDI?"

A. I think he must have meant that as far as the United States is concerned, as far as he is concerned, he intends to pursue this effort to find out whether we can defend ourselves against ballistic missiles. He feels it's a vitally important matter to learn how to do that if we can. As far as he's concerned, he's not going to agree to anything that would prevent that effort from going forward. And I think that all the people working with him—certainly me—support him in that.

Q. He didn't mean it was settled between himself and the Soviets?

A. Oh, no. It's not settled by any means, although compared with where we were, say, 2 years or so ago, or when we went to Reykjavik, we've come a long way. So there have been a number of things worked out.

Q. There have been hints, indications, whatever, in the past that the Soviets for their own reasons might find it convenient to accept a form of words that would enable the United States to go on developing, testing, whatever, SDI in

the way Mr. Reagan wants to. Do you get a sense that that is a possibility now, that they will simply accept a form of words that lets the United States interpret the ABM Treaty the way it wants to and the Soviets can interpret it the way they want to? Or is that not coming together?

A. That isn't a good idea because if you have something that has been agreed to in words and you both know that you have a different view of what those words mean, you're just heading for trouble because as soon as there's any real pressure on the subject, that disagreement will emerge. We believe—and I think the Soviets believe—that it's better to drive ahead and try to come to some kind of an agreement that's clear.

Q. And on the final thing, you mentioned the air-launched cruise missiles, and you mentioned the mobile missiles.

A. Yes.

Q. The fourth thing was—you didn't mention—the submarine-launched missiles. No progress on that?

A. It's on submarine-launched ballistic missiles, we really don't have—that we've basically handled that.

Q. I should have said cruise missiles?

A. It's the question of cruise missiles that the Soviets have raised. And we don't see how you can verify a limit on cruise missiles on—it's not just submarines, on any naval ship—and be consistent with operating the Navy. Of course, you can verify things by having all of our ships being swarmed with Soviets all of the time, but that doesn't allow the Navy to operate. So you've got to find something that will really work and allow normal operations, and we don't see where to find that. At the same time, they've put forward a lot of ideas and we're evaluating them, but we really haven't made much progress on that.

Q. Assistant Secretary Ridgway [Assistant Secretary for European and Canadian Affairs Rozanne L. Ridgway] told us the other day that if there was to be a START treaty signed before Mr. Reagan left office, that would depend on

the progress made here. Has the progress made here been sufficient that it is not now an impossibility? Is that what you were saying earlier?

A. Yes, I'd agree with that double negative.

Q. In other words, enough progress has been made here to raise hopes of strategic arms reduction treaty being signed before Mr. Reagan leaves office?

A. It's still possible. I don't want to get in the position of predicting that it will happen.

Q. Right.

A. But we'll work at it, and we'd like it to happen. The President would very much like it to happen.

Q. And if it's possible, then a fifth summit meeting presumably would be possible?

A. Certainly, but there's no plan for it. I think that actually if there's a good reason to have a meeting, it's not that difficult to arrange one, but there needs to be a good reason.

Q. On one agreement which was signed today, which you and Mr. Shevardnadze signed, on the 24 hour least prior notification of the test launching of strategic missiles—

A. Any ballistic missiles.

Q. Any, excuse me. I'm curious to know what happened. Just over a week ago, you, having talked to him in Geneva, came out and said this is a real possibility—

A. Yes.

Q. —we'll pull this out of START and sign it. Then it all seemed to go so fast a few days ago and looked like a possibility at all. What happened to make it suddenly come about?

A. We made a proposal, and they seemed to be agreeable to it. Then a lot of things were added to it that we couldn't accept, and we said so. The press discovered that we were having that argument and decided that something that we were going to get, we thought, wasn't going to be gotten. That was the story. But we kept working on



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And they basically said, "Well, all right, let's do what we started out to do in Geneva. But here are these other things over here that we're interested in and we'd like to study them and see if we couldn't bring something forward here." And we said, "fine."

Q. As a separate—

A. As a separate matter, to study, which is only to say that as this relationship has moved along there is an increasingly mature capability of looking at problems and going back and forth and having disagreements and working them through and resolving them. Every once in a while, in this very open atmosphere at we work in, people take a photograph and they see the disagreements and they jump to conclusions that are not necessarily warranted.

Q. One final area, the Middle East. The Soviets have said things today that are rather positive about your peace initiative in the Middle East. You're going back there yourself?

A. Yes, I am.

Q. Are you heading back with some possibility now, or promise, of Soviet participation in the process?

A. They want to participate in the process, and I think they have come to be with others, including ourselves, a sense that the situation there is not static. It's not going to stay the same; it's going to change. The *status quo* is not an option. And, of course, it's a very explosive area, particularly now that we have all of these ballistic missiles and chemical weapons around. So we'd like to see something worked out, and we've had some worthwhile discussions with them. But, of course, if it's going to be worked out, it will have to be basically between Israel and each of its neighbors on those bilateral negotiations. That's where the action has to be. Our questions always are: Is there something we can do to help bring that process about?

Q. And is that made more likely by your talks here?

A. Maybe a little bit. But it's difficult. It's tough.

Q. The Soviet official whom we had in the show just before you said in this

summit he would raise atmosphere [as of] first importance, substance second. What is your rating?

A. I think I would disagree with him in wanting to rate them, because I think there is always an interplay. That's the real point. If there's no worthwhile substance, the atmosphere doesn't mean much. And, at the same time, a good atmosphere can contribute to substance. So the real point is that there has evolved—and this is the big story, it seems to me—a greater maturity, a greater breadth in the relationship, a genuine willingness to discuss practically anything, and progress across the board. It's not a one-issue relationship. It's not an arms control relationship. It's got all four categories of subjects—human rights, bilateral issues, regional problems, and arms control issues—all in it. They all get discussed very extensively, and we've made progress across the board. That's the really important point.

DINNER TOASTS,
SPASO HOUSE,
MOSCOW.
MAY 31, 1988²

President Reagan

It's a pleasure to host all of you tonight and to reciprocate, in a small way, the hospitality you lavished upon us yesterday evening. While the General Secretary and I had already held three meetings before this one began here in Moscow, each of those earlier encounters took place in the autumn. The days were growing short, the weather ever grayer and colder. It makes for a bracing, delightful change to have this meeting take place at the high point of spring, a time of long, light-filled days.

I know that Nancy found her springtime visit to Leningrad earlier today both magnificent and moving. The play of light upon the rivers and canals added the special splendor of the season to a city splendid in any season. And everywhere, Nancy has told me, there was a sense of history, especially of Leningrad's immense courage and sacrifice

during the Second World War, surely one of the most stirring epics in the whole human story.

Here in Moscow, I've been reminded a number of times during this springtime visit of a passage in a book about your country by Laurens Van der Post. Especially struck by the city's churches, Van der Post wrote that when he caught his first sight of the Moscow skyline he saw, "The light of an unusually pure evening upon it. That light was alchemical and it transformed Moscow into a city of gold, the tops of the spires and pinnacles drawing the rigid forms of the skyscrapers after them into arrows of gold aimed at the arched and timeless blue." We, too, have found Moscow a city of beauties. A city, especially, whose pinnacles and spires reminded one at virtually every turn of man's ancient capacity for aspiration, for reaching out toward the light.

It's a particular pleasure to be able to welcome you to Spaso House—a house of considerable beauty in its own right—the residence of our Ambassadors to the Soviet Union. During the 55 years of diplomatic relations between our two nations, Spaso House has served as one of the principal settings for exchanges between us—exchanges formal and informal alike.

There have been some splendid moments within these walls. Prokofiev once conducted his marvelous "The Love for Three Oranges" in this very room. As wartime allies, our representatives met often under this roof. And Ambassador [Jack F. Matlock, Jr.] and Mrs. Matlock have continued the tradition of making Spaso House a centerpiece of American culture, a place to receive and talk with Soviet officials and with people from all walks of life and from all parts of the Soviet Union.

But there have also been quiet times in this house—unnaturally quiet times. Times when difficult relations between us meant that this house, this huge, magnificent house, stood virtually empty of visitors. I'm told that it was even possible to hear the Moscow Metro rumbling past, ever so faintly, deep in the earth below.



(White House photo by Mary Anne Fackelman-Miner)

Senate Minority Leader Robert Dole and Mrs. Reagan with General Secretary Gorbachev during a state dinner at Spaso House.

Mr. General Secretary, we know that on matters of great importance, we will continue to differ profoundly. And yet, you and I have met four times now, more often than any previous president and general secretary. While our discussions have sometimes been pointed or contentious, we possess an enlarged understanding of each other and of each other's country. On specific matters of policy, we have made progress—often historic progress. And perhaps most important, we have committed our nations to continuing to work together, agreeing that silence must never again be permitted to fall between us.

We have agreed always to continue the interchanges between our nations because, I believe, we both hear the same voice, the same overwhelming imperative. What that voice says can be expressed in many ways. But I have found it in vivid form in Pasternak's poem, "The Garden of Gethsemane." Listen, if you will, to Pasternak's account of that famous arrest:

There appeared—no one knew from where—a crowd of slaves and a rabble of knaves, with lights and swords and, leading them, Judas with a traitor's kiss on his lips.

Peter repulsed the ruffians with his sword, and cut off the ear of one of them. But he heard: "You cannot decide a dispute with weapons; put your sword in its place, O man."

That's the voice; "Put your sword in its place, O man." This is the imperative, the command. And so we will work together, that we might forever keep our swords at our sides.

Spaso House has, as I said, seen quiet times—yet the animated conversation of this evening has already done much to make up for them. And so, I would like to raise a glass to the continued interchange between our two nations and, if I may, to Spaso House itself, as a symbol of our relations. May this lovely home never lack for visitors, and shared meals, and the sounds of spirited conversation, and even the peal of hearty laughter.

Thank you and God bless you. And to the General Secretary, to Mrs. Gorbachev, to the relationship that I believe must continue.

General Secretary Gorbachev ⁴

I thank you, Mr. President for the words of greeting you just addressed to us.

Two great nations have given the two of us a mandate to determine what Soviet-American relations should be like. Since our first meeting in Geneva, relations between our two countries have overcome a long drawn out period of confrontation to reach an acceptable level from which it is now easier to move forward. In Reykjavik, in Washington, and in this present visit of yours, our dialogue has been intense. Its most important result has been the now ratified first treaty to reduce nuclear weapons. A search is continuing to find a solution to problems relating to 50% cuts in strategic offensive arms. The general accord in Afghanistan has come into force. We now have as many as 47 bilateral agreements on cooperation. The visit by a President of the United States to the Soviet Union is an occasion for a glance at the past and a look into the future. The history of relations between our two countries has known all kinds of things, good and bad. Of the good things, we remember particularly well the Soviet-American comradeship in arms in World War II. Those grim years saw the emergence of the first shoots of Soviet-American friendship. And there was not one single Soviet citizen who did not feel bitter when that glorious page in the history of our relations gave way to cold war. That was hard test of our peoples. The world felt itself in a dangerous situation. We all the breath of impending catastrophe. Even today, we're sometimes chilled by cold winds.

But world developments in their main tendency are turning toward a search for political solutions, toward cooperation and peace. We are, all of us, witnesses to momentous changes, though a lot still has to be done to achieve irreversible change. Although everything urges cooperation and trust, prejudice and stereotypes are still with us, as is, above all in the military sphere, great deal has been said at this meeting, too, about how pointless and catastrophic it is. More importantly, we can register some headway toward better mutual understanding in this area as well.

Today, I would like to address another major world problem: the situation



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the developing world, which cannot affect our countries, too. The problem, which the developing countries face, has turned out to be difficult to the point of tragedy. Glaring backwardness, hunger, poverty, and mass diseases continue to beset entire nations. An incredible high debt has become an excruciating and universal problem. It would seem that everybody could see its complexity, involving as it does extremely diverse and truly vital interests, and understand that a way out must be solved.

We believe that if the international community and, above all, the great powers are to be of any help, the starting point and the essential thing is to recognize unconditionally the freedom of choice. We are insisting on fairness. We have seriously studied the economic systems in developing nations, and I am convinced that a way out is possible along the lines of a radical restructuring of the entire system of world economic relations, without any discrimination for political reasons. This would promote a political settlement of regional conflicts which not only impede progress in that part of the world but also cause turmoil in the entire world situation. With such an approach, our differences as to what of a future awaits the Third World would not take on confrontational forms. In this matter too, our relationship is destined to have an international dimension.

Turning now to our bilateral relations, we envision there opportunities and prospects primarily in light of interdependence in both countries, but also in the context of world developments. Many Americans who are studying us and who have visited the U.S.S.R.—and I hope, those present here as well—have been able to see for themselves the sweeping scope of change in our country. It is based on comprehensive democratization and radical economic reform.

I'm gratified to note that today the President and I have had an in-depth exchange of views on this subject. We have discussed our *perestroika* a number of times with other Americans. This is all the good. It, too, is a sign of a change in our relationship.

We, for our part, are trying to closely follow the profound trends in the United States. We see how little similarity there is between what is happening in our country and in yours, in two very different societies based on different values. But we do not regard this as an obstacle to identifying promising areas for mutually beneficial ties or for cooperation in the interests of the two peoples. We're in favor of competition and comparison.

And another thing, whatever the ups and downs of our dialogue with America, Soviet representatives have been upholding the interests of the Soviet state. In their contacts with us, American officials have been acting in exactly the same way, *vis-a-vis* their own interests. The truth is that, in building their relationship, the Soviet Union and the United States can effectively serve their own interests only if they have a realistic view and take account of each other's interests and intentions. We must learn the difficult art of not just existing side by side, but of building bridges of mutually beneficial cooperation.

Soviet and American people want to live in peace and communicate in all areas in which they have a mutual interest. The interest is there, and it is growing. We feel no fear. We are not prejudiced. We believe in the value of communication. I see a future in which the Soviet Union and the United States base their relations on disarmament, a balance of interest, and comprehensive cooperation rather than deterring each other or upgrading their military capabilities.

I see a future in which solutions to real problems are not impeded by problems historically outdated or artificially kept alive, inherited from the times of the cold war, and in which the policies of confrontation give way to a joint quest based on reason, mutual benefit, and readiness to compromise.

I see a future in which our two countries, without claiming any special rights in the world, are always mindful of their special responsibility in a community of equal nations. It'll be a world that is safer and more secure, which is so badly

needed by all people on earth—by their children and grandchildren—so that they could gain and preserve the basic human rights: the right to life, work, freedom, and the pursuit of happiness. The path toward this future can be neither easy nor short. We may be standing at the threshold of a uniquely interesting period in the history of our two nations. This new meeting between the two of us, Mr. President, confirms that 3 years ago in Geneva, we took the right decision.

May the years to come bring a healthier international environment. May life be triumphant. To the very good health of the President, to the very good health of Mrs. Nancy Reagan, to cooperation between our two peoples.

**EXCHANGE OF INF TREATY
DOCUMENTS,
THE KREMLIN,
MOSCOW,
JUNE 1, 1988⁶**

General Secretary Gorbachev⁴

We are approaching the end of the meeting between the leaders of the Soviet Union and the United States of America, the fourth such meeting in 3 years. The visit of the U.S. President to our country is drawing to a close.

The President and I have summed up the results of a dialogue between our two countries at the highest level. We have discussed both the immediate and longer term prospects for Soviet-U.S. relations. We have signed documents which record what has been achieved and provide guidelines for the future. Among them, a historic place will belong to the ratification documents which give effect to the treaty on intermediate and shorter range missiles. The exchange a few minutes ago of the instruments of ratification means that the era of nuclear disarmament has begun.

Assessing the work done over these past few days, we can say our satisfaction, say that what has been happening these days in Moscow is big politics, politics that affect the interests of millions and millions of people. Each such meeting dealt a blow at the foundations of the



President Reagan and General Secretary Gorbachev sign and exchange instruments of ratification for the INF Treaty.

(White House photos by Bill Fitz-Patrick).

cold war. Each of them made huge breaches in the cold war fortress and opened up passages to modern, civilized world politics worthy of the truly new times.

But big politics means difficult politics in which every step is not easy to take. Weighing carefully each one of our new steps, we measure it against the security interests of our two nations and the world as a whole, for that is the only way to achieve truly substantial results with the necessary margin of viability. Big politics also means big responsibility and so it cannot be built on pursuing one's own interest, which is always inherently one-sided. Such politics also need a great idea. Humankind has conceived that idea in the pangs of wars and disasters, tragedies and calamities, striving and discoveries of the 20th century. This, in our view, is the idea of a nuclear-free and nonviolent world. It is that idea that is inscribed in the mandate which the Soviet people give to their representatives at the start of any negotiations. This particularly applies to our negotiations with the United States of America.

Addressing the Soviet people and the Americans, addressing all nations from these hallowed steps of the Moscow Kremlin, I hereby declare we have been working honestly and with perseverance and we shall continue to do so to fulfill that historic mandate.

The first lines have already been written into the book of a world with wars, violence, or nuclear weapons. I believe that no one can now close that book and put it aside. President Ronald Reagan and I have agreed that the immediate task before us, which is to conclude a treaty on a 50% reduction in strategic offensive arms, can and must be accomplished. In our joint endeavors and discussions, we have learned to understand each other better, to take into account each other's concerns, and to search for solutions.

The atmosphere in our relations is improving. We're working to make it constant, not only in our official contacts but also in the day-to-day management of Soviet-U.S. relations. In this, too, we are guided by a mandate from our peoples.



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Thanks to the atmosphere of the meetings in Washington and in Moscow, as a result of the agreements reached, Americans and Soviet people have more opportunities for communication and for getting to know each other. I'm convinced that scientists, students, schoolchildren, cultural personalities, ordinary tourists, athletes, and of course, businessmen will continue to engage and add new colors to the fabric of cooperative and even friendly relations. Sometimes, they can do that better than politicians.

Historians who will one day describe evaluate what is now being done probably not yet been born. But every day, babies are being born who will live in the 21st century and to whom must bequeath a safe and humane world.

On behalf of the Soviet leadership the Soviet people, I wish to tell all those who are concerned, and yet hopeful about the future, we shall work to achieve that goal, and we can only do it by working together.

President Reagan

These are historic moments. As we exchange these documents, the instruments of ratification, this treaty—the terms of which we formally agreed to in December in Washington—enters into force.

Mr. General Secretary, you know our way here has not been easy. At crucial moments your personal intervention was needed and proved decisive, and for this we are grateful. So you are aware of how important the objective not of arms control but of arms reduction has been to my own thinking, and to the policy of my Administration since its inception.

Seven years ago, when I first suggested the concept of a double-zero treaty, there were those who said that it was so unrealistic an idea that it was responsible to even propose it. Others simply dismissed the concept as a propaganda play or a geopolitical gambit. But skepticism and doubt bring a barren harvest. And today, on this table before us, we see the fruits of hope—evidence of

what candor and realism can accomplish. We have dared to hope, and we have been rewarded.

For the first time in history, an entire class of U.S.-Soviet nuclear missiles is eliminated. In addition, this treaty provides for the most stringent verification in history. And for the first time, inspection teams are actually in residence in our respective countries. And while this treaty makes possible a new dimension of cooperation between us, much remains on our agenda. We must not stop here, Mr. General Secretary; there is much more to be done.

As will be seen in our joint statement later today, more progress has been made toward a strategic arms treaty during our meetings. We must try to move forward in the months ahead to complete this START treaty as soon as possible. So let us continue to expand the frontiers of trust, even as we verify, Mr. General Secretary, even as we verify.

We've agreed many times that there remain differences, important fundamental differences, between us. Yet as we work over the long run to narrow these differences, as we work for what I hope will be a new era of peace and expanded human freedom, we must also acknowledge our solemn responsibility to take steps now to reduce the chances of conflict and to prevent war. This we have done today, a first step toward a brighter future, a safer world. America's allies and friends welcome this treaty too. We consulted them fully during its negotiations. We made clear that we would never put their security or their interests at risk, that on the contrary we would sign a treaty only if it enhanced their security, as this one does.

And finally, if I may, I would like to take a moment to thank the U.S. Senate for their work on this treaty. The way of democracy is sometimes a complicated way and sometimes trying, but it is a good way, and we believe the best way.

And once again, Mr. General Secretary, I want to extend to you and to all those who labored so hard for this moment, my warmest personal thanks.

JOINT STATEMENT, MOSCOW, JUNE 1, 1988

In accordance with the understanding reached during the U.S.-Soviet summit meeting in Geneva in November 1985, and confirmed at the Washington summit in December 1987, Ronald W. Reagan, President of the United States of America, and Mikhail S. Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union (CPSU), met in Moscow May 29-June 2, 1988.

Attending on the U.S. side were Secretary of State George P. Shultz; Secretary of Defense Frank C. Carlucci, III; presidential Chief of Staff Howard H. Baker, Jr.; assistant to the President for national security Colin L. Powell; Ambassador at Large and special adviser to the President and the Secretary of State on arms control matters Paul H. Nitze; special adviser to the President and the Secretary of State on arms control matters, Ambassador Edward L. Rowny; Ambassador of the U.S. to the U.S.S.R. Jack F. Matlock; and Assistant Secretary of State for European and Canadian Affairs Rozanne L. Ridgway.

Attending on the Soviet side were Member of the Politburo of the CPSU Central Committee, Chairman of the Presidium of the U.S.S.R. Supreme Soviet, Andrei A. Gromyko; Member of the Politburo of the CPSU Central Committee, Minister of Foreign Affairs of the U.S.S.R. Eduard A. Shevardnadze; Member of the Politburo of the CPSU Central Committee, Secretary of the CPSU Central Committee Alexander N. Yakovlev; Alternate Member of the Politburo of the CPSU Central Committee, Minister of Defense of the U.S.S.R., Dimitri T. Yazov; Secretary of the CPSU Central Committee Anatoly F. Dobrynin; Assistant of the General Secretary of the CPSU Central Committee Anatoly S. Chernyaev; Deputy Minister of Foreign Affairs of the U.S.S.R. Alexander A. Bessmertnykh; and Ambassador of the U.S.S.R. to the United States of America Yuri V. Dubinin.

The President and the General Secretary view the Moscow summit as an important step in the process of putting U.S.-Soviet relations on a more productive and sustainable basis. Their comprehensive and detailed discussions covered the full agenda of issues to which the two leaders agreed during their initial meeting in Geneva in November 1985—an agenda encompassing arms control, human rights and humanitarian matters, settlement of regional conflicts, and bilateral relations. Serious differences remain on important issues; the frank dialogue which has developed between the two countries remains critical to surmounting these differences.

The talks took place in a constructive atmosphere which provided ample opportunity for candid exchange. As a result, the sides achieved a better understanding of each other's positions. The two leaders welcomed the progress achieved in various areas of U.S.-Soviet relations since their last meeting in Washington, notwithstanding the difficulty and complexity of the issues. They noted with satisfaction numerous concrete agreements which have been achieved, and expressed their determination to redouble efforts in the months ahead in areas where work remains to be done. They praised the creative and intensive efforts made by representatives of both sides in recent months to resolve outstanding differences.

Assessing the state of U.S.-Soviet relations, the President and the General Secretary underscored the historic importance of their meetings in Geneva, Reykjavik, Washington, and Moscow in laying the foundation for a realistic approach to the problems of strengthening stability and reducing the risk of conflict. They reaffirmed their solemn conviction that a nuclear war cannot be won and must never be fought, their determination to prevent any war between the United States and Soviet Union, whether nuclear or conventional, and their disavowal of any intention to achieve military superiority.

The two leaders are convinced that the expanding political dialogue they have established represents an increasingly effective means of resolving issues of

mutual interest and concern. They do not minimize the real differences of history, tradition, and ideology which will continue to characterize the U.S.-Soviet relationship. But they believe that the dialogue will endure, because it is based on realism and focused on the achievement of concrete results. It can serve as a constructive basis for addressing not only the problems of the present but of tomorrow and the next century. It is a process which the President and the General Secretary believe serves the best interests of the peoples of the United States and the Soviet Union and can contribute to a more stable, more peaceful, and safer world.

I. ARMS CONTROL

The President and the General Secretary, having expressed the commitment of their two countries to build on progress to date in arms control, determined objectives and next steps on a wide range of issues in this area. These will guide the efforts of the two governments in the months ahead as they work with each other and with other states toward equitable, verifiable agreements that strengthen international stability and security.

INF

The President and the General Secretary signed the protocol on the exchange of instruments of ratification of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of Their Intermediate-Range and Shorter Range Missiles. The two leaders welcomed the entry into force of this historic agreement, which for the first time will eliminate an entire class of U.S. and Soviet nuclear arms, and which sets new standards for arms control. The leaders are determined to achieve the full implementation of all the provisions and understandings of the treaty, viewing joint and successful work in this respect as an important precedent for future arms control efforts.

Nuclear and Space Talks

The two leaders noted that a joint context of a treaty on reduction and limitation of strategic offensive arms has been elaborated. Through this process, the sides have been able to record in the draft text extensive and significant areas of agreement and also to detail positions on remaining areas of disagreement. While important additional work is required before this treaty is ready for signature, many key provisions are recorded in the joint draft text and are considered to be agreed, subject to completion and ratification of the treaty.

Taking into account a treaty on strategic offensive arms, the sides have continued negotiations to achieve a separate agreement concerning the ABM Treaty building on the language of the Washington summit joint statement dated December 10, 1987. Progress was noted in preparing the joint draft text of an associated protocol. In connection with their obligations under the protocol, the sides have agreed in particular to use Nuclear Risk Reduction Centers for transmission of relevant information. Leaders directed their negotiators to prepare the joint draft text of a separate agreement and to continue work on associated protocol.

The joint draft treaty on reduction and limitation of strategic offensive arms reflects the earlier understanding of establishing ceilings of no more than strategic offensive delivery systems: 6,000 warheads as well as aggregate subceilings of 4,900 on the aggregate ICBM [intercontinental ballistic missile] and SLBM [submarine-launched ballistic missile] warheads and 1,540 warheads 154 heavy missiles.

The draft treaty also records the sides' agreement that as a result of reductions the aggregate throw-weight of the Soviet Union's ICBMs and SLBMs will be reduced to a level approximately 50% below the existing level and this will not be exceeded.

During the negotiations the two sides have also achieved understanding that future work on the treaty they will do will include the understanding that on deployed ICBMs and SLBMs of existing type the counting rule will include the number



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warheads referred to in the joint statement of December 10, 1987, and the number of warheads which will be attributed to each new type of ballistic missile will be subject to negotiation.

In addition, the sides agreed on a counting rule for heavy bomber armaments according to which heavy bombers equipped only for nuclear gravity bombs or SRAMs [short-range attack missiles] will count as one delivery vehicle against 1,600 limit and one warhead against 6,000 limit.

The delegations have also prepared draft texts of an inspection protocol, conversion or elimination protocol, and memorandum of understanding on data, which are integral parts of the treaty. These documents build on the verification provisions of the INF Treaty, extending and elaborating them as necessary to meet the more demanding requirements of START. The START verification measures will, at a minimum, include:

A. Data exchanges, to include declarations and appropriate notifications on number and locations of weapons systems limited by START, including locations and facilities for production, assembly, storage, testing, repair, and deployment, conversion, and elimination of such systems. Such declarations will be exchanged between the sides before the treaty is signed and updated periodically.

B. Baseline inspections to verify the accuracy of these declarations.

C. Onsite observation of elimination of strategic systems necessary to meet agreed limits.

D. Continuous onsite monitoring of perimeter and portals of critical production facilities to confirm the output of weapons to be limited.

E. Short-notice onsite inspection of:

- (i) Declared locations during the process of reducing to agreed limits;
- (ii) Locations where systems covered by this treaty remain after achieving agreed limits; and
- (iii) Locations where such systems have been located (formerly declared facilities).

F. Short-notice inspection, in accordance with agreed upon procedures, of locations where either side considers covert deployment, production, storage, or repair of strategic offensive arms could be occurring.

G. Prohibition of the use of concealment or other activities which impede verification by national technical means. Such provisions would include a ban on telemetry encryption and would allow for full access to all telemetric information broadcast during missile flight.

H. Procedures that enable verification of the number of warheads on deployed ballistic missiles of each specific type, including onsite inspection.

I. Enhanced observation of activities related to reduction and limitation of strategic offensive arms by national technical means. These would include open displays of treaty-limited items at missile bases, bomber bases, and submarine ports at locations and times chosen by the inspecting party.

The two sides have also begun to exchange data on their strategic forces.

During the course of this meeting in Moscow, the exchanges on START resulted in the achievement of substantial additional common ground, particularly in the areas of ALCMs and the attempts to develop and agree, if possible, on a solution to the problem of verification of mobile ICBMs. The details of this additional common ground have been recorded in documents exchanged between the sides. The delegations in Geneva will record these gains in the joint draft text of the START treaty.

The sides also discussed the question of limiting long-range, nuclear-armed SLCMs [submarine-launched cruise missiles]. Ronald Reagan and M.S. Gorbachev expressed their joint confidence that the extensive work done provides the basis for concluding the treaty on reduction and limitation of strategic offensive arms which will promote strategic stability and strengthen security not only of the peoples of the U.S.S.R. and the U.S.A., but of all mankind.

Guided by this fundamental agreement, the U.S. President and the General Secretary of the Central Committee of

the CPSU agreed to continue their efforts in this area energetically and purposefully. The delegations of the two countries have been instructed to return to Geneva on July 12, 1988. It has been agreed as a matter of principle that, once the remaining problems are solved and the treaty and its associated documents are agreed, they will be signed without delay.

Ballistic Missile Launch Notifications

The agreement between the U.S. and the U.S.S.R. on notifications of launches of intercontinental ballistic missiles and submarine-launched ballistic missiles, signed during the Moscow summit, is a practical new step, reflecting the desire of the sides to reduce the risk of outbreak of nuclear war, in particular as a result of misinterpretation, miscalculation, or accident.

Nuclear Testing

The leaders reaffirmed the commitment of the two sides to conduct in a single forum full-scale, stage-by-stage negotiations on the issues relating to nuclear testing. In these negotiations the sides as the first step will agree upon effective verification measures which will make it possible to ratify the U.S.-U.S.S.R. Threshold Test Ban Treaty (TTBT) of 1974 and Peaceful Nuclear Explosions Treaty of 1976, and proceed to negotiating further intermediate limitations on nuclear testing leading to the ultimate objective of the complete cessation of nuclear testing as part of an effective disarmament process. This process, among other things, would pursue, as the first priority, the goal of the reduction of nuclear weapons and, ultimately, their elimination. In implementing the first objective of these negotiations, agreement upon effective verification measures for the U.S.-U.S.S.R. Threshold Test Ban Treaty of 1974, the sides agreed to design and conduct a joint verification experiment at each other's test sites.

The leaders, therefore, noted with satisfaction the signing of the Joint Verification Experiment Agreement, the considerable preparation underway for the

experiment, and the positive cooperation being exhibited in particular by the substantial numbers of personnel now engaged in work at each other's test sites. They also noted the substantial progress on a new protocol to the Peaceful Nuclear Explosions Treaty and urged continuing constructive negotiations on effective verification measures for the Threshold Test Ban Treaty.

Expressing their conviction that the progress achieved so far forms a solid basis for continuing progress on issues relating to nuclear testing, the leaders instructed their negotiators to complete expeditiously the preparation of a protocol to the Peaceful Nuclear Explosions Treaty and to complete the preparation of a protocol to the Threshold Test Ban Treaty as soon as possible after the joint verification experiment has been conducted and analyzed. They confirmed their understanding that verification measures for the TTBT will, to the extent appropriate, be used in further nuclear test limitation agreements which may subsequently be reached.

They also declared their mutual intention to seek ratification of both the 1974 and 1976 treaties when the corresponding protocols to the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty are completed and to continue negotiations as agreed in the Washington joint summit statement.

Nuclear Nonproliferation

The two leaders noted that this year marks the 20th anniversary of the Nuclear Nonproliferation Treaty (NPT), one of the most important international arms control agreements with over 130 adherents. They reaffirmed their conviction that universal adherence to the NPT is important to international peace and security. They expressed the hope that each state not a party to the treaty will join it, or make an equally binding commitment under international law to forego acquisition of nuclear weapons and prevent nuclear weapons proliferation. This will enhance the possibility of progress toward reducing nuclear armaments and reduce the threat of nuclear war.

The two leaders also confirmed their support of the International Atomic Energy Agency, and agreed that they would continue efforts to further strengthen it. They reaffirmed the value of their regular consultations on nonproliferation and agreed that they should continue.

Nuclear Risk Reduction Centers

The leaders expressed satisfaction over the activation of the new communications link between the Nuclear Risk Reduction Centers in Moscow and Washington, established in accordance with the U.S.-Soviet agreement of September 15, 1987. It was agreed that the centers can play an important role in the context of a future treaty on reducing U.S. and Soviet strategic nuclear arms.

Chemical Weapons

The leaders reviewed the status of ongoing multilateral negotiations and bilateral U.S.-Soviet consultations toward a comprehensive, effectively verifiable, and truly global ban on chemical weapons (CWs), encompassing all chemical weapons-capable states. They also expressed concern over the growing problem of chemical weapons proliferation and use.

The leaders reaffirmed the importance of efforts to address, as a matter of continuing urgency, the unique challenges of a chemical weapons ban and to achieve an effective convention. While noting the progress already achieved in the talks and the difficult problems with regard to effective monitoring of the global prohibition of chemical weapons and the non-use of dual-capable chemicals for chemical weapons purposes, the leaders underlined the need for concrete solutions to the problems of ensuring effective verification and undiminished security for all convention participants. They gave instructions to their respective delegations to this effect.

Both sides agreed on the vital importance of greater openness by all states as a way to build confidence and strengthen the foundation for an effective convention. The leaders also emphasized the necessity of close coordination on a multilateral basis in order to ensure the

participation of all CW-possessing and CW-capable states in the convention.

Both sides strongly condemned the dangerous spread and illegal use of chemical weapons in violation of the 1925 Geneva protocol. They stressed the importance of both technical and political solutions to this problem and confirmed their support for international investigations of suspected violations. Noting initial efforts being made to control the export of chemicals used in manufacturing chemical weapons, the leaders called on all nations with the capability of producing such chemicals to institute stringent export controls to inhibit the proliferation of chemical weapons.

Conventional Arms Control

The leaders emphasized the importance of strengthening stability and security in the whole of Europe. They welcomed progress to date on development of a mandate for new negotiations on arm forces and conventional armaments. They expressed their hope for an early and balanced conclusion to the Vienna CS followup meeting. The President and General Secretary also noted that full implementation of the provisions of the document of the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe can significantly increase openness and mutual confidence.

They also discussed the situation of the mutual and balanced force reduction (MBFR) negotiations in Vienna.

Conference on Security and Cooperation in Europe

They expressed their commitment to further development of the CSCE process. The U.S. and U.S.S.R. will continue to work with the other 33 participants to bring the Vienna CSCE followup meeting to a successful conclusion through significant results in all the principal areas of the Helsinki Final Act and Madrid concluding document.



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Ballistic Missile Technology Proliferation

The leaders agreed to bilateral discussions at the level of experts on the problem of proliferation of ballistic missile technology.

Third Special Session of the General Assembly

The President and the General Secretary noted the importance of the ongoing Third Special Session on Disarmament.

Human Rights and Humanitarian Concerns

The President and the General Secretary engaged in a detailed discussion of human rights and humanitarian concerns. The leaders reviewed the increasingly broad and detailed U.S.-Soviet dialogue in this area and agreed that it should be continued at all levels in order to achieve sustained, concrete progress. They noted that this dialogue should seek to maximize the range of the rights, freedoms, and human dignity of individuals; promotion of people-to-people communications and contacts; active sharing of spiritual, cultural, historical, and other values; and further mutual understanding and respect between the two countries. Toward the end, they discussed the possible establishment of a forum which, meeting regularly, would bring together participants from across the range of their two societies. They noted steps already taken to establish the exchange of information in contacts between legislative bodies of the two countries, as well as discussions between legal experts, physicians and representatives of other professions deeply involved in matters pertaining to human rights, and between representatives of nongovernmental organizations.

REGIONAL ISSUES

The President and the General Secretary thoroughly discussed a wide range of regional questions, including the Middle

East, the Iran-Iraq war, southern Africa, the Horn of Africa, Central America, Cambodia, the Korean Peninsula, and other issues. They expressed satisfaction with the April 1988 conclusion in Geneva of accords on an Afghanistan settlement. Although the discussions revealed serious differences both in the assessment of the causes of regional tensions and in the means to overcome them, the leaders agreed that these differences need not be an obstacle to constructive interaction between the U.S. and U.S.S.R.

They reaffirmed their intention to continue U.S.-Soviet discussions at all levels aimed at helping parties to regional conflicts find peaceful solutions which advance their independence, freedom, and security. They emphasized the importance of enhancing the capacity of the United Nations and other international institutions to contribute to the resolution of regional conflicts.

IV. BILATERAL AFFAIRS

The President and the General Secretary reviewed progress in further expanding bilateral contacts, exchanges, and cooperation since their meeting in Washington, D.C., in December 1987. They noted the increasingly important role that mutually beneficial interchange between the two countries can play in improving mutual understanding and providing stability in the U.S.-Soviet relationship. They stated their intention to intensify such ties.

They noted with particular satisfaction that concrete agreements had been reached in most of the areas identified at their meetings in Geneva, Reykjavik, and Washington.

Bilateral Agreements and Cooperative Activities

The President and the General Secretary welcomed the conclusion of a number of bilateral agreements which open new opportunities for fruitful cooperation in the following fields: cooperation in transportation science and technology; maritime search and rescue; operational coordination between U.S. and Soviet radionavigation systems in the Northern

Pacific and Bering Sea; and mutual fisheries relations.

The two leaders welcomed the recent signing of a new Memorandum on Civilian Nuclear Reactor Safety under the bilateral agreement on Peaceful Uses of Atomic Energy. There was an exchange of notes to extend that agreement.

They expressed satisfaction with the recent signing of a new protocol under the bilateral housing agreement for cooperation in construction research relating to extreme geological and unusual climatic conditions.

They reviewed the status of negotiations between the two countries concerning maritime shipping, the U.S.-U.S.S.R. maritime boundary, basic scientific research, and emergency pollution cleanup in the Bering and Chukchi Seas. They instructed their negotiators to accelerate efforts to achieve mutually acceptable agreements in these areas at the earliest opportunity.

The two leaders welcomed the start of bilateral discussions on combatting narcotics trafficking. They noted with satisfaction ongoing consultations between the two sides concerning law of the sea, air and sea transportation safety, and areas of mutual interest in the field of law.

Cultural and People-to-People Exchanges

Noting the expansion of exchanges in the areas of education, science, culture, and sports under the general exchanges agreement, the two leaders welcomed the signing of a new implementing program for 1989-91 under the agreement and expressed their intention to continue expansion of such exchanges. During the time in which this program is in force, the two sides, taking into consideration their mutual interest as well as financial and technical conditions, will conduct negotiations on the opening of culture/information centers in the U.S. and the U.S.S.R. with the aim of signing an appropriate agreement on behalf of the governments of both countries.

They expressed satisfaction that, over the course of their dialogue, people-to-people contacts and exchanges between nongovernmental organizations

have significantly increased and become one of the most dynamic elements in the bilateral relationship. They reaffirmed their commitment to further growth of such exchanges, which contribute to mutual understanding, and welcomed plans for increased exchanges of young people in the future. In this context, they expressed their readiness to consider in practical terms the idea of further developing exchanges of high school students. They cited recent joint U.S.-Soviet initiatives on culture, theater, and the cinema as examples of new opportunities to engage those involved in the creative arts.

Noting the rapidly growing sports ties between the two countries, including their national Olympic committees, the two leaders expressed their support for the international Olympic movement, which promotes international cooperation and understanding through athletic competition.

Other Cooperative Activities

The President and the General Secretary noted the successful expansion of scientific cooperation within the framework of bilateral agreements in environmental protection, medical science and public health, artificial heart research and development, agriculture, and studies of the world ocean, and expressed their intention to continue to expand activities under these agreements in areas of mutual benefit to the two sides.

The President and the General Secretary noted with pleasure the commencement of work on a conceptual design of an international thermonuclear experimental reactor (ITER), under the auspices of the International Atomic Energy Agency, between scientists and experts from the United States, Soviet Union, European Atomic Energy Community, and Japan. The two leaders noted the significance of this next step toward the development of fusion power as a cheap, environmentally sound, and essentially inexhaustible energy source for the benefit of all mankind.

The President and the General Secretary welcomed agreement by representatives of the United States, Soviet

Union, Canada, and France to institutionalize in the near future the COSPAS/SARSAT, [a] space-based, life-saving global search and rescue system.

Both leaders reaffirmed their support for the WHO/UNICEF [World Health Organization/UN Children's Fund] goal of reducing the scale of preventable childhood death through the most effective methods of saving children. They urged other countries and the international community to intensify efforts to achieve this goal.

Global Climate and Environmental Change Initiative

The two leaders expressed their satisfaction with activities since the Washington summit in expanding cooperation with respect to global climate and environmental change, including in areas of mutual concern relating to environmental protection, such as protection and conservation of stratospheric ozone and a possible global warming trend. They emphasized their desire to make more active use of the unique opportunities afforded by the space programs of the two countries to conduct global monitoring of the environment and the ecology of the earth's land, oceans, and atmosphere. They underscored the need to continue to promote both bilateral and multilateral cooperation in this important area in the future.

Initiative for Expanded Civil Space Cooperation

Recognizing the long-standing commitment of both countries to space science and exploration, and noting the progress made under the 1987 U.S.-U.S.S.R. Cooperative Agreement in the Exploration and Use of Outer Space for Peaceful Purposes, the two leaders agreed to a new initiative to expand civil space cooperation by exchanging flight opportunities for scientific instruments to fly on each other's spacecraft, and by exchanging results of independent national studies of future unmanned solar system exploration missions as a means of assessing prospects for further U.S.-Soviet cooperation on such missions. They also agreed to expand exchanges of space

science data and of scientists, to enhance the scientific benefit that can be derived from the two countries' space research missions. They noted scientific missions to the Moon and Mars as areas of possible bilateral and international cooperation.

Arctic Contacts and Cooperation

Taking into account the unique environmental, demographic, and other characteristics of the Arctic, the two leaders reaffirmed their support for expanded bilateral and regional contacts and cooperation in this area. They noted plans and opportunities for increased scientific and environmental cooperation under a number of bilateral agreements as well as within an International Arctic Science Committee of states with interests in the region. They expressed their support for increased people-to-people contacts between the native peoples of Alaska and the Soviet north.

The President and the General Secretary noted the positive role played by the multilateral Antarctic Treaty and emphasized the importance of U.S.-Soviet scientific and environmental cooperation in that region.

Trade and Economic Affairs

The two sides reconfirmed their strong support for the expansion of mutually beneficial trade and economic relations and noted recent activity in this area. They reiterated their belief that commercially viable joint ventures complying with the laws and regulations of both countries could play a role in the further development of commercial relations. They welcomed the results of the meeting of the Joint U.S.-U.S.S.R. Commercial Commission in April and noted with satisfaction that working groups had been created under the Commission to further the establishment of better conditions under which mutual advantageous trade can develop. They noted the 1974 joint statement and protocol amending the Long-Term Agreement Between the United States of America and the Union of Soviet Socialist Republics to Facilitate Economic, Industrial, and Technical Cooperation, signed at the conclusion of the Joint Commercial Commission, they agreed the



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to commission should continue to meet and build upon the forward momentum which has been generated.

The two leaders cited expanding relations between Aeroflot and PanAm Airlines under the government-to-government Civil Air Transportation Agreement as a positive example of mutually beneficial cooperation.

Consulates Exchanges/Diplomatic and Consular Missions

The President and the General Secretary affirmed their agreement to open Consulates General in Kiev and New York as soon as practicable.

The two leaders discussed questions relating to ensuring adequate and secure conditions for U.S. and Soviet diplomatic and consular establishments and their personnel in each other's territory. They agreed on the need to approach problems relating to such matters constructively and on the basis of reciprocity.

FUTURE MEETINGS

The President and the General Secretary, recognizing the importance of their personal involvement in the development of relations in the months ahead, instructed Secretary of State Schultz and Foreign Minister Shevardnadze to meet as necessary and to report to them on ways to ensure continued practical progress across the full range of issues. Expert-level contacts will also continue on an intensified basis.

PRESIDENT'S NEWS CONFERENCE, RASO HOUSE, MOSCOW, JUNE 1, 1988²

First, if just this one time I might speak for all of you as well as myself, I would like to extend my thanks to General Secretary Gorbachev, all of his associates in the Soviet Government, and the people of Moscow for all they've done to make my stay here a pleasant one and this summit conference the success it has been.

This is my fourth summit. For some in our governments and some of you in the media, the number is higher. But a good deal of important work has been accomplished here in Moscow. And the relationship between Mr. Gorbachev and me, and the various members of our respective delegations, has continued to deepen and improve. But personal relationships and hopes for peace are not by themselves enough. I think history will note that in our approach to the summit process, the United States has sought a consistency of expression as well as purpose. While at every turn I've tried to state our overwhelming desire for peace, I have also tried to note the existence of fundamental differences. And that's why it's a source of great satisfaction that those differences, in part as a result of these meetings, continue to recede.

In addition, spokesmen for the Soviet Government have noted the change of policy, indeed, the profound change of policy that has occurred in their own government. The United States is fully cognizant of this change and aware of its implications. In noting the differences that still stand between us, therefore, my desire has not been to sound a note of discouragement but one of realism, not to conduct a tutorial but to give the kind of emphatic testimony to the truth that, over the long run, removes illusion and moves the process of negotiation forward.

From our standpoint, this approach has borne fruit at previous meetings and at this summit conference. And here, permit me to go back for just a moment to our first summit meeting at Geneva. There we agreed on certain fundamental realities that would govern our relations: that a nuclear war cannot be won and must never be fought, that the United States and the Soviet Union bear special responsibilities for avoiding the risk of war, that neither side should seek military superiority over the other. We affirmed our determination to prevent war, whether nuclear or conventional, and our resolve to contribute in every way possible, along with other nations, to a safer world.

We also set out a broad agenda and initiated a new process of dialogue to address the sources of tension in U.S.-Soviet relations. Since Geneva, we have achieved through a sustained effort progress across this broad agenda. Our first discussions here in Moscow focused on the important matter of human rights, individual freedoms. The United States views human rights as fundamental to our relationship with the Soviet Union and all nations. From the beginning, we've stressed this point and are encouraged by recent signs of progress in the Soviet Union. I believe that where people have the right to speak, write, travel, and worship freely, creative energies are released. On several occasions I've said that nations do not distrust each other because they're armed, they are armed because they distrust each other.

For the past 3 years, General Secretary Gorbachev and I have worked to build a relationship of greater trust. And we both recognize that one way to do that is to improve understanding between our two countries through broader people-to-people contacts. A series of agreements to expand U.S.-Soviet bilateral cooperation, including cultural exchanges, have been concluded. We agreed to expand our student exchange programs, with a goal of allowing hundreds, and eventually thousands, of Soviet and American high school students to study in each other's classrooms. For our relations, academic, cultural, and other exchanges are of greater importance.

Turning to regional issues, Mr. Gorbachev and I agree that there must be peaceful solutions to these conflicts. Our goal is to advance independence, security, and freedom. The Soviet decision to withdraw from Afghanistan is significant, and we agree that building on the Afghan settlement leads to an approach to other regional problems. Our discussions also dealt with Cambodia, Angola, Ethiopia, the Middle East and the Persian Gulf and Central America.

Each of our summit meetings moved us farther toward an INF Treaty, capped by today's exchange of ratification instruments, which now makes it a reality. Each meeting has also moved us farther toward meeting the even greater challenge of crafting a treaty to reduce our strategic nuclear arsenals.

In Geneva, the General Secretary and I agreed on the concept of 50% reductions; and in Reykjavik on numerical limits for warheads and delivery vehicles; in Washington, on intensive work to complete a START treaty, including comprehensive verification provisions building upon those in INF. Here in Moscow, we've made important additional strides toward that objective. Verification is one of the most important and most difficult issues for us, and I'm pleased to report progress in this area too.

We've moved forward in other areas as well, including agreements on an experiment to improve the verification of existing nuclear testing treaties and on notification of strategic ballistic missile launches.

Finally, let me say how deeply moving I have found my discussions with various citizens of the Soviet Union. The monks of Danilov, the dissidents and refusniks, the writers and artists, the students and young people have shown once again that spiritual values are cherished in this nation. It's my fervent hope that those values will attain even fuller expression.

And now, I will be happy to take your questions.

Q. I know you've touched on this, but at your first news conference in 1981, you said that the Soviets lie and cheat and pursue their ends of world domination. What has really changed your mind? Can the American people really trust the Russians now? And I'd like to follow up.

A. That was the first press conference that I'd held since being elected President. And the question that came to me was, could we believe the Russians or would they lie to us. And my answer at that time was not expressing my opinion. I said, I will answer that with their own words. And then I cited some of the leaders of the communist movement in the Soviet Union who said that the only immorality was anything that slowed the growth of socialism; and that there was no immorality in lying, or cheating, or doing anything of that kind as long as it advanced the cause of socialism. Now, that was my answer. So, it wasn't an opinion—I was

quoting what their leaders themselves, the beginners of that particular system—said.

Q. That's what you thought then. Do you still think that, and can you now declare the cold war over?

A. I think right now, of course, as I've said, *dovorey no provorey*—trust but verify.

Q. Is that the atmosphere now?

A. But I think that there is quite a difference today in the leadership and in the relationship between our two countries. And we have held very productive meetings that I think were productive for both sides.

Q. On the START treaty, what are the areas of progress, and what's the specific progress that you achieved here? And why do you think that you can conclude a treaty this year when Senate leaders are urging you to go slow, and this summit, with all its momentum, wasn't able to break the impasse?

A. The Senate leaders themselves brought the verification—or the ratification papers here that we just received today on the INF Treaty. It meant changing their own schedules a great deal and speeding up the ratification process. I think that we could count on them to feel the same if we are coming to final agreement on a START treaty.

But I want to remind you of one thing that we've said over and over again. The START treaty is infinitely more complex than the INF Treaty, and therefore, there is going to be continued negotiation on a number of points. And then it will depend on the Senate once—if we have agreed upon a treaty, it is their responsibility to thoroughly study that treaty and then issue ratification of it if they find it satisfactory.

We can hope. I would hope that before the year is out that we could eliminate the differences that still exist, but if not, I would hope that my successor would continue, because here we are getting at, I think, the most important reduction that should take place in nuclear weapons. The most destabilizing are the intercontinental ballistic missiles in which someone pushes a button

and minutes later a part of the earth blows up. And the thing that I express my hope about is that not only have said 50%, but in that first meeting in Geneva, the General Secretary proposed the idea also of reducing by half our nuclear missiles.

Q. To follow up, could you go on the areas of progress on START that you achieved here?

A. No, I don't think that I should go on. The conversations are still going on, and there are things still being discussed. And, as I say, progress has been made or we wouldn't still be talking the way we are.

Q. Is there something in Soviet American relations that you would advise your successor to leave behind, is there something that you would especially advise to take to the future?

A. Wait a minute. If I heard the entire question—special advice on what?

Q. Is there something in Soviet American relations that you would advise your successor to leave behind, is there something specific that you would advise him to take to the future?

A. To follow up, yes. Yes. If the negotiations and so forth are still going on, I will do everything I can to persuade my successor to follow up and continue and—as a matter of fact, I think I'll tell him that he will find the Russian people most warm and hospitable and friendly.

Q. Soviet officials have told us that they have dossiers on all of the dissidents that some of those people—in fact, they've said that all those people are the best people representing Soviet society. How do you feel about the fact that they have kept dossiers on these dissidents with whom you met, and does that contradict your view that there have been improvements here and that there is a more open society under Mr. Gorbachev?

A. No, the figures themselves reveal that improvements have been made. Some 300 people have been freed from imprisonment. The lists that we bring are names that have been brought to our attention by relatives, friends—their own relatives, for exam-



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...living in our country now—and I have brought those names to the General Secretary and explained the personal interest that we have in them. And a great many of them have since been allowed to come to our country or other countries that they preferred, such as Israel. And so, I think there has been a sizable improvement, and we still are going to continue doing that.

Q. What about the fact that the very people with whom you met have now been investigated by Soviet authorities and might be subject to some form of retaliation? Mr. Gorbachev said today that you no longer feel that this is the evil empire, that you told him that within the Kremlin walls. Doesn't this contradict your new feeling of optimism about the Soviet Union?

A. No, because I say, he has received the latest list that I brought here, and previous experiences with us—a great many of those people have been allowed to come to our country.

Q. Yesterday you did say you no longer believed the Soviet Union is an evil empire." You said that was another time, another era. What's changed? Is it just Mr. Gorbachev's accession to the general secretaryship, or have you yourself changed or expanded your view of the Soviet Union?

A. No, I think that a great deal of us due to the General Secretary, whom I have found different than previous Soviet leaders have been, but that so as we have pursued this, we have found them willing to enter into negotiations with us. And I think that enough progress has been made that we can look with optimism on future negotiations.

Q. I suppose I'm asking if you think at there's anything that you have learned, that you personally have extended or changed your views because you've had an opportunity to learn more about this country over the years, and over their system, so that you think you are part of the process, or is it just Gorbachev?

A. A large part of it is Mr. Gorbachev as a leader, and I think there have been changes here as they have

sought to make—well, I read *Perestroika*, and I found much in it that I could agree with.

Q. Mr. Gorbachev said in his news conference that he thought you could have achieved more in this summit. Specifically, he went on to say that on the issue of the ABM interpretation of the treaty—said that you had gone back on your word, that in Geneva you had agreed that you would no longer seek military superiority, and that by holding to the development of SDI you were seeking superiority in outer space, and that, therefore, you had gone back on your word. Are you seeking superiority in outer space? Can you reach a START agreement without some accommodation on SDI and the ABM question?

A. SDI, in my mind—maybe some of my people wouldn't agree with me—but the whole thing was my idea, to see if there could not be developed a defensive weapon that would make it virtually impossible for nuclear missiles to get through to their targets in another country. And from the very beginning, I have said that if and when such a system can be developed, I would support the idea of making it available worldwide, because since we all know how to make nuclear missiles, sometime there could be a madman come along, as a Hitler came along, who could then make those missiles, but that my idea would be the sharing of the knowledge of SDI, as a defensive weapon, would be accompanied by the total elimination of nuclear weapons. And I happen to believe that this will be a lot better world if we get rid of all the nuclear weapons. And that is what my dream of SDI is: that it can be the tool by which we eliminate.

Q. Mr. Gorbachev said today that he did not believe that it's for defensive purposes.

A. I know you said that before, and I—

Q. You failed to convince him, despite the fact that you're on such good terms with him.

A. Maybe he just doesn't know me well enough. But from the very first, I have said that that is my goal for that defensive weapon. There is nothing offensive about it. It cannot hurt or kill

anyone. It can just make it impossible for missiles to get through the screen.

Q. I want to ask you about this effort you again stated today to try to get a START treaty before you leave office. You have less than 8 months left in office. Mikhail Gorbachev could have 20 years. By setting up any kind of deadline, no matter how unofficial, aren't you putting all the pressure on the U.S. side?

A. Oh, no. We set no deadline. I said we're going to continue working toward that. And I could hope that maybe in that period of time—but, no, I am dead set against deadlines. You don't make a treaty just to simply have it be achieved at a certain point in time. The treaty is ready when it is a good treaty and good for all sides involved. And that's what we'll do instead of setting a deadline and then saying, well, let's sign it because we've reached the deadline. It has to be good.

Q. There is also talk about a fifth summit sometime this year to sign a treaty, which might come sometime in the fall. To prevent U.S.-Soviet relations from being mixed up in politics, are you willing to rule out a summit until the presidential campaign is over in November?

A. I'd make any decision of that kind based on how I thought it could affect the situation. And if it gave a promise of success, then go for it.

Q. You were asked by one of the students at Moscow University yesterday about the practice in the United States of limiting presidential terms. I believe you said you were going to go out on the mashed potato circuit next year and campaign for repeal of that constitutional amendment. Were you aware that Mr. Gorbachev, as part of his reforms, is promoting the idea of limited terms for the leader of the Soviet Union? And do you think it's a good idea for the Soviet Union?

A. I would hesitate to comment on that. I mean, this system of government here—you do not have a national election in which all of the people vote to see who would be the leader. My objection to the constitutional amendment that was passed in our country, limiting a president to two terms, was the fact

that that is the only office in the United States in which all the people vote for the candidates for that office. And it seems to me that it is an infringement on the rights of our people in a democracy to tell them that they can't vote for someone because of a time limit. I think it impinges on their right to vote for whomever they want to vote for as many times as they want to vote for them. That is the principle of democracy.

Q. If I may just ask one more question on the students, you talked a lot about how it is a positive thing for students from both countries to mix and mingle, to get to know each other, to understand each other. Do you think part of your positive feeling about the Soviet Union these days comes as a result of greater tolerance that you've developed as a result of your meetings with Mr. Gorbachev over the past few years?

A. I have found that Mr. Gorbachev and I have a very satisfactory relationship. But, at the same time, I am never going to relax my belief in the need for verification of agreements that we might make, and I'm quite sure he feels the same way.

Q. I understand that in your first meeting with Mr. Gorbachev, he suggested the reduction of half a million military personnel as a certain condition, but there was no followup, as it were. Was this subject raised again, and what was your response?

A. No, this proposal—that was just—a suggestion made of the removal of a half a million men on the NATO line in the European front. This has to be considered. We think that we are coming to a point—and that he himself is willing to—of reductions in conventional weapons along that front and conventional forces as well as the nuclear forces. But the simple removing of a half a million men would not be exactly equal because his military would be moved a short distance back away from the front. Well, there's a 3,000-mile ocean between where our men would have to be moved and, in the event of an emergency, we'd have an ocean to cross to get our men back there and equal. So that has to be considered.

Q. General Secretary Gorbachev, in his remarks earlier this afternoon, was talking about your comments here on human rights, and he said, "I did not have a lot of admiration for that part of the trip." When you met with the General Secretary privately, we know, of course, that you discussed human rights. Did he say anything to you specifically about the meeting with dissidents, or your remarks at Danilov Monastery or the remarks yesterday at the writers union?

A. No, but I do know that he and others have had a feeling that in some way our concern with this is interfering with your internal government policies. I have explained to him, and I think maybe he has seen the point.

Our country is very unique. All of us, either by ourselves or through our ancestors or our grandparents or parents, came from someplace else—about the only nation in the world that can say that. As a matter of fact, the estimate is that one out of eight Americans trace their parentage and their heritage, if not their own immigration, to the Eastern bloc. And so, I have put it this way, that: you don't stop loving your mother because you've taken unto yourself a wife. So the people in America do have a feeling for the countries of their heritage. In my case, it was a great-grandfather on one side and a grandmother and grandfather on my mother's side. Well, Americans retain that feeling of friendship and loyalty to the countries that, as I say, are their heritage. And so, when we feel that people are being unjustly treated—imprisoned for something that in our country would not be a crime, calling for such a sentence—our people get aroused, and they come to us, and they want help. They want something done.

A wife, who has been waiting for 8 years for her husband to be allowed to leave this country to join her—things of this kind we don't think are really interfering with someone else's business. We think it's very much our business to bring it to the attention where we feel that there is an injustice to the government. And I have explained this to the General Secretary, and I think he has seen the justice of what I've said because many of the individuals that we've brought to his attention

have now been released from confinement here and have been allowed to emigrate—come to other countries, to our country.

Q. Mr. Gorbachev says that he proposed a draft statement that would use the words "peaceful coexistence." And he said that your first response that was, I like it. But that when you came back from meeting with your aides, you seem to have changed your mind. Did you, and why?

A. I liked the whole tone, the general tone of it, and what it was seeking to achieve was what we're both seeking to achieve. But I said at the same time I would take it to our people; and I took it there, and they studied it and saw where there could have been certain ambiguities in there that would achieve the general thought of what was being proposed. We were in agreement with the general thought. So, some rewriting was done by our own people. And when the total statement is released to you, I think you will find that we have achieved what it was I had with the paragraph that he proposed. And it's been achieved and improved to the point that it is clear and unmistakable, that it achieves the purpose that he had in mind.

Q. You've sort of teased us now you could give us some sense of what you've proposed to substitute for peaceful coexistence? What's the better to that your aides had advised you to?

A. No, peaceful coexistence—both pieces achieve the same end, but the other one had ambiguities in it. And don't think they were intentional, but they could have been used to justify doing something else that was not in keeping with the entire goal of the statement here.

Q. If I could follow up on your comments on emigration: yesterday when you were talking about a family denied the right to emigrate, you called it a bureaucratic problem; you said blamed the bureaucracy. Do you believe that essentially it is just bureaucratic lethargy that has caused that problem in the Soviet Union?

A. Well, now, somebody distract me back there. I think someone else thought I had pointed at them instead of you.



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Q. Yesterday when you spoke to the students about emigration, and a family in particular that had been denied the right to emigrate, and you said you blamed the bureaucracy—do you view the emigration problem from the Soviet Union as essentially a problem of just a lethargic bureaucracy?

A. I'm afraid that I have to confess to you that I think one of the sins of government, and one with which we must deal and never have been able to deal completely successfully with—and this includes our own government—is that the bureaucracy once created has one fundamental rule above all others—preserve the bureaucracy. And I think that governments will always find that they are having to check on bureaucracy and make sure that it is not abused by its own rules and taking the easy course. And so I wouldn't—picking one government other than another.

Q. If I could follow up, you said that you believed you persuaded Mr. Gorbachev on some of these emigration questions. But he said on human rights in the United States that he did not find your arguments convincing. Do you consider that a failure in this summit?

A. I think that there is a mistaken view—and oh, how I yearn to have him come to our country for long enough to see some of our country—I think there is a mistaken view about the things that occasionally dominate the press about prejudice, racial or religious, in our country, about the so-called street people that apparently have no place to be. And I think these are socioeconomic problems in our land; we have them, of course. We also try to deal with them. But I don't think he could quite understand a recent situation: a young lady living on the sidewalks of New York—living out there on the sidewalk, winter and summer—and so, for her own sake, the police picked [her] up to bring her to where she could be housed in a shelter. And she took her case to court and won her case in court so that she should be allowed to go back and sleep on the sidewalk where she had been, because that's what she preferred to do.

Well, when you have a free country, how far can we go in impinging on the freedom of someone who says this

is the way I want to live. And I think we can straighten him out if he saw what we did in our country.

Q. In this room on Monday, you heard moving stories of people who had been—[inaudible]—and you wrote it off to bureaucracy. Is that really your view that it is only the bureaucracy? It is not a willful policy of the government here to keep these people from emigrating?

A. No. I can't say that it's one; I don't know that much about the system. But it was a question presented to me on the basis that it possibly was a bureaucratic bungle. Maybe I should illustrate to you why I feel the way I do about bureaucracies. Once during the war, I happened to be involved in a situation in which one level of the military wanted a warehouse full of filing cabinets—wanted permission to destroy the files so they could use those filing cases—and they were able to prove that the documents had no historic value. They had no bearing on present-day government at all; they were just useless. And so the message went up through the ranks, requesting permission to destroy these obsolete files. And then, back down through the ranks, from the top command, endorsed by each level of command, came the reply: permission granted, providing copies were made of each file destroyed.

Q. Don't you think you're letting Mr. Gorbachev off a little easy on just saying it's a bureaucracy?

A. No. As I said, I don't—the way the question was framed I thought that there was a possibility of that. No, but I just have to believe that in any government some of us do find ourselves bound in by bureaucracy, and then sometimes you have to stomp your foot and say, unmistakably, I want it done. And then maybe you get through with it. But I have great confidence in his ability to do that.

Q. You said starting at the beginning of this year and going into this summit that if there was this progress toward a START treaty, you would be willing to come together a fifth time and sign it, but only if it was a good treaty. You've referred to that today again

several times. What is your judgment, your best judgment, on the basis of this summit? Have you made enough progress that you now think that a START treaty is likely within your term?

A. I honestly cannot answer that. I don't know. Let me just give you what the mechanics are: that our people have been steadily in Geneva—both sides, Soviet people and our people—working on this treaty, knowing what we hope to achieve, and they're working there. And, as I say, they've made progress. There is no way to judge, and there is no way that I would give them a date and say, please, you have to get this by such and such a time because that's not the way to get a good treaty. I want a good treaty.

Q. Is the only condition under which you would have a fifth summit with Mr. Gorbachev is if there was, in fact, what you thought was a good START treaty ready to be signed?

A. You can't rule out—something else might come up that necessitates our getting together and settling something other than that particular treaty. So, no one can say no, there will be no need for a summit.

Q. What have you learned about the Soviet Union? What have you learned in your first trip to Moscow?

A. I'm going to do one [last] answer because I've wanted to say this, and I say it anytime I get a chance. I think that one of the most wonderful forces for stability and good that I have seen in the Soviet Union are the Russian women.

DEPARTURE CEREMONY,
THE KREMLIN,
MOSCOW,
JUNE 2, 1988³

General Secretary Gorbachev ⁴

One hour from now you will be leaving Moscow. In the first place, I want to thank you and your colleagues for cooperation, openness, and a businesslike approach to the talks that we've had here. I believe that both of us have every reason to regard this meeting and your visit as a useful contribution to the

development of dialogue between the Soviet Union and the United States.

Mr. President, you and I have been dealing with each other for 3 years now. From the first exchange of letters to the conclusion of this meeting, we've come a long way. Our dialogue has not been easy, but we mustered enough realism and political will to overcome obstacles and divert the train of Soviet-U.S. relations from a dangerous track to a safer one. It has, however, so far been moving much more slowly than is required by the real situation, both in our two countries and in the whole world.

But as I have understood, Mr. President, you're willing to continue our joint endeavors. For my part, I can assure you that we will do everything in our power to go on moving forward. Now, with the vast experience of Geneva, Reykjavik, Washington, and Moscow, and backed up by their achievements, we are in duty, bound to display still greater determination and consistency. That is what the Soviet and American peoples, international public opinion, and the entire world community are expecting of us.

I hope you will have pleasant memories of your stay in this country. When you return to America, please convey to the American people best wishes from the peoples of the Soviet Union. Over the past 3 years, our two nations have come to know each other better. They have now taken a really good look in each other's eyes and have a keener sense of the need to live together on this beautiful planet earth. I wish you good journey back home, Mr. President and Mrs. Reagan. To you and to all members of the U.S. delegation, I wish good health. Goodbye.

President Reagan

Mr. General Secretary, Mrs. Gorbachev, this is an emotional moment for Mrs. Reagan and me. We have been truly moved by the warmth and the generous hospitality we have received from all of our Soviet hosts during this brief visit—but most especially, from the two of you.

During this meeting, as in all of our previous meetings, I appreciated and valued our exchanges and the long hours of hard work that we and our experts put

in to make progress on the difficult issues we face. But this meeting has added something else for Mrs. Reagan and me. Our time here has allowed us to know, if only briefly, your art treasures and your people: artists, writers, individuals from all walks of life—people who were willing to share with us their experiences, their fears, their hopes.

It is fitting that we are ending our visit, as we began it, in this hall named for the Order of St. George. I would like to think that our efforts during these past few days have slayed a few dragons and advanced the struggle against the evils that threaten mankind—threats to peace and to liberty. And I would like to hope that, like St. George, with God's help, peace and freedom can prevail. And Mr. General Secretary, if you will permit me just one more proverb, I think a very old and popular saying you have here about last Sunday, the day of our arrival, spoke to the promise that we've seen fulfilled at this summit in this Moscow spring. Truly, then, *Troitsa ves les raskroitsya*—at the Feast of Trinity, the whole forest blossoms.

And now, if I might just conclude on a personal note. Earlier this week at Moscow State University, I mentioned to the young people there that they appeared to my eyes exactly as would any group of students in my own country or anywhere else in the world, so, too, did Nancy and I find the faces, young and old, here on the streets of Moscow. At first, more than anything else, they were curious faces, but as the time went on, the smiles began and then the waves. And I don't have to tell you, Nancy and I smiled back and waved just as hard.

Mr. General Secretary, I think you understand we're not just grateful to both you and Mrs. Gorbachev, but want you to know we think of you as friends. And in that spirit, we would ask one further favor of you. Tell the people of the Soviet Union of the deep feelings of friendship felt by us and by the people of our country toward them. Tell them, too, Nancy and I are grateful for their coming out to see us, grateful for their waves and smiles, and tell them we will remember all of our days, their faces—the faces of hope—hope for a new era in human history, an era of peace between our nations and our peoples.

Thank you and God bless you.



President Reagan's address before members of the Royal Institute of International Affairs at Guildhall.

PRESIDENT'S ADDRESS, GUILDHALL, LONDON JUNE 3, 1988²

I wonder if you can imagine what it is to be an American to stand in this place. Back in the States, we're terribly proud of anything more than a few hundred years of some even see my election to the presidency as America's attempt to show our European cousins that we too have a regard for antiquity [Laughter.]

Guildhall has been here since the 15th century and while it is comforting my age to be near anything that much older than myself—[laughter]—the venerable age of this institution is hardly that impressive. Who can come here and not think upon the moments these walls have seen, the many times that people of this city and nation have gathered here in national crisis or national triumph? the darkest hours of the last World War when the tense drama of Edward R. Murrow's opening, "This is London" was enough to impress on millions of



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Americans the mettle of the British people, how many times in those days did proceedings continue here, a testimony to the cause of civilization for which you stood? From the Marne to El Alamein, to Anhem, to the Falklands, you have in this century so often remained steadfast for what is right—and against what is wrong. You are a brave people, and this is truly so, as your majestic, moving hymn proclaims, a “land of hope and glory.” And it’s why Nancy and I, in the closing days of this historic trip, are glad to be in England once again. After a long journey, we feel among friends, and with our hearts we thank you for having us here.

Such feelings are, of course, especially appropriate to this occasion; I have come from Moscow to report to you, for truly the relationship between the United States and Great Britain has been critical to NATO’s success and the cause of freedom.

This hardly means that we’ve always had a perfect understanding. When I first visited Mrs. Thatcher [Prime Minister Margaret Thatcher] at the British Embassy in 1981, she mischievously reminded me that the huge portrait dominating the grand staircase was none other than that of George III, though she graciously concede that today most of our countrymen would agree with Jefferson that a little rebellion now and then is a good thing. [Laughter.]

So there has always been, as there could be among friends, an element of friction about our differences. But let me assure you, it is how much we have in common and the depth of our friendship that truly matters.

I have often mentioned this in the States, but I have never had an opportunity to tell a British audience how during my first visit here 40 years ago I was, like most Americans, anxious to see some of the sights and those 400-year-old inns I had been told about in this country. Well, a driver took me and a couple of other people to an old inn, a public house—and what in America we would call a “mom and pop place.” This quite elderly lady was waiting on us, and finally, hearing us talk to one another, she said, “You’re Americans, aren’t you?” And we said we were. “Oh,” she

said, “there were a lot of your chaps stationed down the road during the war.” And she added, “They used to come in here of an evening, and they’d have a songfest. They called me Mom, and they called the old man Pop.” And then her mood changed and she said, “It was Christmas Eve, and you know, we were all alone and feeling a bit down. And suddenly, they burst through the door, and they had presents for me and Pop.” And by this time she wasn’t looking at us anymore; she was looking off into the distance, into memory, and there were tears in her eyes. And then she said, “Big strapping lads they was, from a place called Ioway.” [Laughter.]

From a place called Ioway—and Oregon, California, Texas, New Jersey, Georgia—here with other young men from Lancaster, Hampshire, Glasgow, and Dorset—all of them caught up in the terrible paradoxes of that time: that young men must wage war to end war, and die for freedom so that freedom itself might live. And it is those same two causes for which they fought and died—the cause of peace, the cause of freedom for all humanity—that still brings us, British and American, together.

For these causes, the people of Great Britain, the United States, and other allied nations have, for 44 years, made enormous sacrifices to keep our alliance strong and our military ready. For them, we embarked in this decade on a new postwar strategy, a forward strategy of freedom, a strategy of public candor about the moral and fundamental differences between statism and democracy, but also a strategy of vigorous diplomatic engagement; a policy that rejects both the inevitability of war or the permanence of totalitarian rule, a policy based on realism that seeks not just treaties for treaties’ sake but the recognition and resolution of fundamental differences with our adversaries.

The pursuit of this policy has just now taken me to Moscow, and let me say, I believe this policy is bearing fruit. Quite possibly, we’re beginning to take down the barriers of the postwar era; quite possibly, we are entering a new era in history, a time of lasting change in the Soviet Union. We will have to see. But if so, it’s because of the steadfastness of

the allies—the democracies—for more than 40 years, and especially in this decade.

The history of our time will undoubtedly include a footnote about how, during this decade and the last, the voices of retreat and hopelessness reached a crescendo in the West—insisting the only way to peace was unilateral disarmament, proposing nuclear freezes, opposing deployment of counterbalancing weapons such as intermediate-range missiles or the more recent concept of strategic defense systems.

These same voices ridiculed the notion of going beyond arms control, the hope of doing something more than merely establishing artificial limits within which arms buildups could continue all but unabated. Arms reduction would never work, they said, and when the Soviets left the negotiating table in Geneva for 15 months, they proclaimed disaster.

And yet it was our double-zero option, much maligned when first proposed, that provided the basis for the INF Treaty, the first treaty ever that did not just control offensive weapons, but reduced them and, yes, actually eliminated an entire class of U.S. and Soviet nuclear missiles. This treaty, last month’s development in Afghanistan, the changes we see in the Soviet Union—these are momentous events; not conclusive, but momentous.

And that’s why, although history will duly note that we, too, heard voices of denial and doubt, it is those who spoke with hope and strength who will be best remembered. And here I want to say that through all the troubles of the last decade, one such firm, eloquent voice, a voice that proclaimed proudly the cause of the Western alliance and human freedom, has been heard. A voice that never sacrificed its anticommunist credentials or its realistic appraisal of change in the Soviet Union, but because it came from the longest-serving leader in the alliance, it did become one of the first to suggest that we could “do business” with Mr. Gorbachev. So let me discharge my first official duty here today. Prime Minister, the achievements of the Moscow summit as well as the

Geneva and Washington summits say much about your valor and strength and, by virtue of the office you hold, that of the British people. So let me say, simply: at this hour in history, Prime Minister, the entire world salutes you and your gallant people and gallant nation.

And while your leadership and the vision of the British people have been an inspiration, not just to my own people but to all of those who love freedom and yearn for peace, I know you join me in a deep sense of gratitude toward the leaders and peoples of all the democratic allies. Whether deploying crucial weapons of deterrence, standing fast in the Persian Gulf, combatting terrorism and aggression by outlaw regimes, or helping freedom fighters around the globe, rarely in history has any alliance of free nations acted with such firmness and dispatch, and on so many fronts.

In a process reaching back as far as the founding of NATO and the Common Market, the House of Western Europe, together with the United States, Canada, Japan, and others—this House of Democracy—engaged in an active diplomacy while sparking a startling growth of democratic institutions and free markets all across the globe; in short, an expansion of the frontiers of freedom and a lessening of the chances of war.

So, it is within this context that I report now on events in Moscow. On Wednesday, at 08:20 Greenwich time, Mr. Gorbachev and I exchanged the instruments of ratification of the INF Treaty. So, too, we made tangible progress toward the START treaty on strategic weapons. Such a treaty, with all its implications, is, I believe, now within our grasp. But part of the realism and candor we were determined to bring to negotiations with the Soviets meant refusing to put all the weight of these negotiations and our bilateral relationship on the single issue of arms control. As I never tire of saying, nations do not distrust each other because they are armed, they are armed because they distrust each other.

So equally important items on the agenda dealt with critical issues, like regional conflicts, human rights, and bilateral exchanges. With regard to regional conflicts, here, too, we are now in the third week of the pullout of Soviet

troops from Afghanistan. The importance of this step should not be underestimated. Our third area of discussion was bilateral contacts between our peoples, an expanding program of student exchanges and the opening of cultural centers—progress toward a broader understanding of each other. And finally, on the issue of human rights—granting people the right to speak, write, travel, and worship freely—there are signs of greater individual freedom.

Now originally, I was going to give you just an accounting on these items. But, you know, on my first day in Moscow, Mr. Gorbachev used a Russian saying: "Better to see something once than to hear about it a hundred times." So if I might go beyond our four-part agenda today and offer just a moment or two of personal reflection on the country I saw for the first time.

In all aspects of Soviet life, the talk is of progress toward democratic reform—in the economy, in political institutions, and in religious, social, and artistic life. It is called *glasnost*—openness; it is *perestroika*—restructuring. Mr. Gorbachev and I discussed his upcoming party conference, where many of these reforms will be debated and perhaps adopted: such things as official accountability, limitations on length of service in office, an independent judiciary, revisions of the criminal law, and lowering taxes on cooperatives; in short, giving individuals more freedom to run their own affairs, to control their own destinies.

To those of us familiar with the postwar era, all of this is cause for shaking the head in wonder. Imagine, the President of the United States and the General Secretary of the Soviet Union walking together in Red Square, talking about a growing personal friendship, and meeting together average citizens, realizing how much our people have in common. It was a special moment in a week of special moments. My personal impression of Mr. Gorbachev is that he is a serious man seeking serious reform. I pray that the hand of the Lord will be on the Soviet people—the people whose faces Nancy and I saw everywhere we went. Believe me, there was one thing about those

faces that we will never forget—they were the faces of hope, the hope of a new era in human history, and, hopefully, an era of peace and freedom for all.

And yet, while the Moscow summit showed great promise and the response of the Soviet people was heartening, let me interject here a note of caution and, hope, prudence. It has never been disputes between the free peoples and the peoples of the Soviet Union that have been at the heart of postwar tensions and conflicts. No, disputes among governments over the pursuit of statism and expansionism have been the central point in our difficulties.

Now that the allies are strong and expansionism is receding around the world and in the Soviet Union, there is hope. And we look to this trend to continue. We must do all we can to assuage it. And this means openly acknowledging positive change and crediting it. But let us also remember the strategy that we have adopted is one that provides for setbacks along the way as well as progress. Let us embrace honest change when it occurs; but let us also be wary let us stay strong; and let us be confident, too.

Prime Minister, perhaps you remember that upon accepting your gracious invitation to address the member of the Parliament in 1982, I suggested then that the world could well be at a turning point when the two great threats to life in this century—nuclear war and totalitarian rule—might now be overcome. In an accounting of what might ahead for the Western alliance, I suggested that the hard evidence of the totalitarian experiment was now in and that this evidence had led to an uprising of the intellect and will, one that reaffirmed the dignity of the individual in the face of the modern state.

I suggested, too, that in a way Mr. was right when he said the political order would come into conflict with the economic order, only he was wrong in predicting which part of the world this would occur in, for the crisis came not the capitalist West but in the communist East. Noting the economic difficulties reaching the critical stage in the Soviet Union and Eastern Europe, I said that



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er times in history the ruling elites
na faced such situations and, when they
unentered resolve and determination
in free nations, decided to loosen their
n. It was then I suggested that the
ics of history were running in the cause
of liberty, but only if we, as free men and
women, joined together in a worldwide
movement toward democracy, a crusade
of freedom, a crusade that would be not
so much a struggle of armed might, not
so much a test of bombs and rockets as a
test of faith and will.

Well, that crusade for freedom, that
crusade for peace is well underway. We
have found the will. We have held fast to
our faith. And, whatever happens, what-
ever triumphs or disappointments ahead,
we must keep to this strategy of
strength and candor, this strategy of
hope in the eventual triumph of
freedom.

But as we move forward, let us not
forget the lessons we've learned
the way in developing our strategy.
We have learned the first objective
of the adversaries of freedom is to make
in nations question their own faith in
freedom, to make us think that adhering
to our principles and speaking out
against human rights abuses or foreign
aggression is somehow an act of belliger-
ence. Well, over the long run, such
positions make free peoples silent and
indefinitely half-hearted about their
cause. This is the first and most impor-
tant defeat free nations can ever suffer,
when free peoples cease telling the
truth about and to their adversaries,
when they cease telling the truth to them-
selves. In matters of state, unless the
truth be spoken, it ceases to exist.

It is in this sense that the best
indicator of how much we care about
freedom is what we say about freedom;
it is in this sense that words truly are
actions. And there is one added and quite
extraordinary benefit to this sort of
candor and public candor: this is also the
way to avoid war or conflict. Too
often in the past, the adversaries of
freedom forgot the reserves of strength
they resolve among free peoples; too
often they interpreted conciliatory words
as weakness; and too often they miscal-
culated and underestimated the willing-

ness of free men and women to resist to
the end. Words of freedom remind them
otherwise.

This is the lesson we've learned and
the lesson of the last war and, yes, the
lesson of Munich. But is also the lesson
taught us by Sir Winston [Churchill], by
London in the blitz, by the enduring
pride and faith of the British people. Just
a few years ago, Her Majesty, Queen
Elizabeth and I stood at the Normandy
beaches to commemorate the selflessness
that comes from such pride and faith. It
is well we recall the lessons of our
alliance. And, I wonder if you might
permit me to recall one other this
morning.

Operation Market Garden it was
called—3 months after Overlord and the
rescue of Europe began—a plan to
suddenly drop British and American
airborne divisions on the Netherlands
and open up a drive into the heart of
Germany. A battalion of British
paratroopers was given the great task of
seizing the bridge deep in enemy terri-
tory at Arnhem. For a terrible 10 days
they held out.

Some years ago, a reunion of those
magnificent veterans—British, Ameri-
cans, and others of our allies—was held
in New York City. From the dispatch by
The New York Times reporter Maurice
Carroll, there was this paragraph:

"Look at him," said Henri Knap, an
Amsterdam newspaperman who headed a
Dutch underground's intelligence operation in
Arnhem. He gestured toward General John
Frost, a bluff Briton who had committed the
battalion that held the bridge. "Look at
him—still with that black moustache. If you
put him at the end of a bridge even today and
said 'keep it,' he'd keep it."

The story mentioned the wife of
Cornelius Ryan, the American writer
who immortalized Market Garden in his
book, *A Bridge Too Far*, who told the
reporter that just as Mr. Ryan was
finishing his book—writing the final
paragraphs about General Frost's valiant
stand at Arnhem and about how in his
eyes his men would always be unde-
feated—her husband burst into tears.
That was quite unlike him; and Mrs.
Ryan, alarmed, rushed to him. The
writer could only look up and say of
General Frost: "Honestly, what that
man went through." A few days ago,

seated there in Spaso House with Soviet
dissidents, I had that same thought, and
asked myself: What won't men suffer for
freedom?

The dispatch about the Arnhem
veteran concluded with this quote from
General Frost about his visits to that
bridge.

"We've been going back ever since.
Every year we have a—what's the word—
reunion. Now, there's a word." He turned to
his wife, "Dear, what's the word for going to
Arnhem?"

"Reunion," she said.

"No," he said, "there's a special word."

She pondered, "Pilgrimage," she said.

"Yes, pilgrimage," General Frost said.

As those veterans of Arnhem view
their time, so, too, we must view ours;
ours is also a pilgrimage, a pilgrimage
toward those things we honor and love:
human dignity, the hope of freedom for
all peoples and for all nations. And I've
always cherished the belief that all of
history is such a pilgrimage and that our
Maker, while never denying us free will,
does over time guide us with a wise and
provident hand, giving direction to history
and slowly bringing good from
evil—leading us ever so slowly but ever
so relentlessly and lovingly to a moment
when the will of man and God are as one
again.

I cherish, too, the hope that what we
have done together throughout this
decade and in Moscow this week has
helped bring mankind along the road of
that pilgrimage. If this be so, prayerful
recognition of what we are about as a
civilization and a people has played its
part. I mean, of course, the great
civilized ideas that comprise so much of
your heritage: the development of law
embodied by your constitutional tradi-
tion, the idea of restraint on centralized
power and individual rights as estab-
lished in your Magna Carta, the idea of
representative government as embodied
by the mother of all parliaments.

But we go beyond even this. Your
own Evelyn Waugh who reminded us
that "civilization—and by this I do not
mean talking cinemas and timed food nor
even surgery and hygienic houses but the
whole moral and artistic organization of
Europe—has not in itself the power of
survival." It came into being, he said,

through the Judeo-Christian tradition and "without it has no significance or power to command allegiance. It is no longer possible," he wrote, "to accept the benefits of civilization and at the same time deny the supernatural basis on which it rests."

And so, it is first things we must consider. And here it is, a story, one last story, that can remind us best of what we're about. It's a story that a few years ago came in the guise of that art form for which I have an understandable affection—the cinema.

It's a story about the 1920 Olympics and two British athletes: Harold Abrahams, a young Jew, whose victory—as his immigrant Arab-Italian coach put it—was a triumph for all those who have come from distant lands and found freedom and refuge here in England; and Eric Liddell, a young Scotsman, who would not sacrifice religious conviction for fame. In one unforgettable scene, Eric Liddell reads the words of Isaiah. "He giveth power to the faint, and to them that have no might, he increased their strength, but they that wait upon the Lord shall renew their strength. They shall mount up with wings as eagles. They shall run and not be weary."

Here then is our formula for completing our crusade for freedom. Here is the strength of our civilization and our belief in the rights of humanity. Our faith is in a higher law. Yes, we believe in prayer and its power. And like the Founding Fathers of both our lands, we hold that humanity was meant not to be dishonored by the all-powerful state but to live in the image and likeness of Him who made us.

More than five decades ago, an American President told his generation that they had a rendezvous with destiny; at almost the same moment, a Prime Minister asked the British people for their finest hour. This rendezvous, this finest hour, is still upon us. Let us seek to do His will in all things, to stand for freedom, to speak for humanity.

"Come, my friends," as it was said of old by Tennyson, "it is not too late to seek a newer world." Thank you.

RETURN REMARKS, ANDREWS AIR FORCE BASE, JUNE 3, 1988²

Vice President Bush

Mr. President and Mrs. Reagan, I'm delighted to say on behalf of the people of the United States of America, welcome home, and well done. Everyone in America watched your historic trip and hoped for the best and pulled for you. And now it's over, and we can all say that you made a historic contribution to peace in the world.

On arms control, Mrs. Thatcher probably put it best when she said that you have bravely gone forward in spite of the voices of denial and doubt. You showed the only way to succeed is by retaining your resolve and speaking with conviction.

As for the latter, I suspect you know, Mr. President, that you caught a little flack for bringing up the issue of human rights so forcefully right there in the heart of the Soviet system. But most Americans felt as I did: we have a tradition of freedom and a history of free speech, and what's wrong with telling the other guy how you feel?

The fact is you made us proud. This week an American President strode the hard ground of Red Square and reminded the world through the sureness of his step and the lilt of his words what a bracing thing freedom is—what a moving and bracing thing.

So, welcome back, Mr. President. It's good to see you. God bless you and Nancy.

President Reagan

As some of you may have heard, Mr. Gorbachev and I've been trading Russian proverbs this week. [Laughter] But you know, flying back across the Atlantic today, it was an American saying that kept running through my mind. Believe me, as far as Nancy and I are concerned, there's no place like home.

We want to thank all of you for coming out today. We're grateful for your enthusiasm and for the warmth of your welcome. And take it from me, all this red, white, and blue scenery hits

these two weary travelers right where we live. If I might paraphrase George Cohen: some may call it a flag waving but right now I can't think of a better flag to wave.

We're a little tired, but we're exhilarated at what has happened, exhilarated, too, at the thought of the future and what may lie ahead for the young people of America and all of the world. The events of this week in Moscow were momentous—not conclusive perhaps, but momentous. And believe me, right now momentous will do just fine.

You know, it's occurred to me that time does have a way of sorting things out. For many years now, Americans have seen the danger of war and pleaded the cause of peace. And other Americans have seen the danger of totalitarianism and pleaded the cause of freedom. So was just thinking, why don't we just agree today on something that maybe should have been saying to each other along: that we're all Americans and that we all have one and the same burning cause in our hearts—the cause of world peace and the cause of world freedom.

Peace and freedom are what this was about, and we saw some real progress in several areas in Moscow—human rights, on regional conflicts, on greater contacts between the people of the Soviet Union and the United States. We exchanged the documents that put into force a historic treaty that eliminates for the first time an entire class of U.S. and Soviet nuclear weapons and establishes real breakthroughs in verification procedures. And we made tangible progress toward an even more historic treaty on strategic weapons—yes, a 50% reduction in nuclear weapons. All of this was good and promising for the future.

But there's something else I want to tell you about. I wish you could've seen the faces we saw in the Soviet Union. I said to the young people at Moscow State University, it was hard, really, to tell them apart from any other group of students—in our country or anywhere else in the world.

And as I told Mr. Gorbachev, the were also the faces, young and old, we saw on the streets of Moscow. At first



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... than anything else they were
... faces, but as time went on, the
... began and then the waves. And I
... have to tell you Nancy and I smiled
... and waved just as hard. The truth
... home to us once again. It isn't
... people, but governments that make war.
... it isn't people, but governments
... erect barriers that keep us apart.
... Much is happening in the Soviet
... Union. We hope and pray that the signs
... of change continue there. Our pledge—
... of Gorbachev and I—is to work to
... continue building a better understanding
... between our two countries. But let's
... remember, too, that just as our forward
... strategy of peace and freedom antici-
... pated positive changes, it remains ready
... to take us over any bumps in the road.
... That's because our strategy is based
... on faith in the eventual triumph of
... human freedom.

... That faith in freedom, that abiding
... faith in what the unfettered human
... spirit can accomplish, defines us as a
... people and a nation. And you know, I've
... been told that even a few veteran
... journalists said a chill went through
... me this week at a sight they never
... thought they would see in their lifetime:
... an American President there in the heart
... of Moscow talking about economic, politi-
... cal and individual freedoms to the future
... leaders of the Soviet Union; explaining
... how freedom makes a difference, and
... explaining how freedom works; talking
... about the possibility of a new age of
... prosperity and peace, where old antago-
... nisms between nations can someday be
... behind us, a new age that can be ours
... if only we'll reach out to it.

... Ladies and gentlemen, all across our
... country during these weeks of spring it's
... a unique time. And I hope our young
... people know what a sudden, startling
... change may now be before them, a future
... shaped about by a technological and
... economic revolution based on a grow-

... ing understanding of the nexus between
... economic growth and creative freedom.
... But I hope, too, that young Americans—
... and all Americans—will always remem-
... ber that this revolution is only the
... continuation of a revolution begun two
... centuries ago, a revolution of hope, a
... hope that someday a new land might
... become a place where freedom's light
... would beacon forth. That faith in free-
... dom, that belief in the inalienable rights
... of man, begun in Carpenters Hall in
... Philadelphia traveled last week to the
... Lenin Hills in Moscow. It was the
... selflessness of so many Americans that
... brought it there, selflessness by Ameri-
... cans for over two centuries, but espe-
... cially by those Americans who fought
... what has truly been called the twilight
... struggle of the postwar years, a struggle
... where national interest was not always
... clearly defined or adversaries easily
... identified or sacrifice fully appreciated.
... Now, more than ever, we must continue.
... The judgment of future generations will
... be harsh upon us if, after so much
... sacrifice and now at the hour of hope, we
... falter or fail. Let us resolve to continue,
... one nation, one people, united in our love
... of peace and freedom, determined to
... keep our defenses strong, to stand with
... those who struggle for freedom across
... the world, to keep America a shining
... city, a light unto the nations.

... And let us remember, too, that
... there's work remaining here at home,
... that whatever the accomplishments of
... America, we must never be prideful
... toward others. We have much to learn
... from peoples of foreign lands and other
... cultures, nor should we ever grow
... content. Let us never rest until every
... American of every race or background
... knows the full blessing of liberty, until
... justice for all is truly justice for all. And
... most of all, let us remember that being
... an American means remembering an-
... other loyalty, a loyalty, as the hymn puts

it, "to another country I have heard of, a
place whose King is never seen and
whose armies cannot be counted."

And yet if patriotism is not the only
thing, it is one of the best things. And we
can be grateful to God that we have seen
such a rebirth of it here in this country.
And you know, it's true, frequently when
such moments happen in a nation's
history, there's a popular saying or song
that speaks for that time. And just
maybe this verse sounds familiar to you:
"If tomorrow, all things were gone I'd
worked for all my life, and I had to start
again with just my children and my wife,
I'd thank my lucky stars to be living here
today 'cause the flag still stands for
freedom and they can't take that away."

Nancy and I have full hearts today.
We're grateful to all of you and to the
American people, grateful for the chance
to serve, grateful for all the support and
warmth that you've given us over the
years. And you know what else? We
think our friend Lee Greenwood has it
just right, "All our days, and especially
today, there ain't no doubt we love this
land. God bless the U.S.A."

¹Text from Weekly Compilation of Presi-
dential Documents of May 30, 1988.

²Text from Weekly Compilation of Presi-
dential Documents of June 6, 1988.

³Made in St. George's Hall at the Grand
Kremlin Palace (text from Weekly Compila-
tion of Presidential Documents of June 6).

⁴General Secretary Gorbachev spoke in
Russian, and his remarks were translated by
an interpreter.

⁵Made in the ballroom of the U.S. Amba-
sador's residence (text from Weekly Compila-
tion of Presidential Documents of June 6).

⁶Made in St. Vladimir's Hall at the Grand
Kremlin Palace (text from Weekly Compila-
tion of Presidential Documents of June 6).

⁷Question-and-answer session following
President Reagan's remarks is not printed
here (text from Weekly Compilation of Presi-
dential Documents of June 6).

⁸Press release 101 of June 2. ■

Summary of U.S.-Soviet Agreements Signed in Moscow

Joint Verification Experiment

The security and arms control working group completed the technical details of the joint verification experiment (JVE) enabling us to sign the agreements on May 31, 1988. The technical agreements cover some 160 pages including 37 annexes.¹

This is an important step toward agreement on effective verification measures that would permit ratification of the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET).

The agreements on the JVE will provide the opportunity for each side to measure, using its preferred techniques, the yield of one nuclear explosion by the other party.

At the conclusion of the joint verification experiment process, which will include analysis by each side and exchange of data, the United States hopes that the Soviets will be in a position to accept routine U.S. use of CORTEX [continuous reflectometry for radius vs. time experiment] as an appropriate method of verification. We hope the joint verification experiment can be completed this summer.

The two tests to be conducted will be greater than 100 kilotons and will approach the TTBT limit of 150 kilotons. The U.S. test will be at the Nevada test site and the Soviet test will be at the Semipalatinsk test site.

Peaceful Uses of Atomic Energy

The U.S.-U.S.S.R. Agreement on Scientific and Technical Cooperation in the Field of Peaceful Uses of Atomic Energy was originally signed in June 1973 by President Nixon and General Secretary Brezhnev. The Department of Energy administers the implementation of cooperation and has the programmatic and oversight responsibility for U.S. participation in activities under the agreement.

The agreement provides for joint cooperation in the fields of fusion and high energy physics and will continue to serve as the basis for future bilateral activities in civilian uses of atomic energy.

At the conclusion of the seventh meeting of the joint committee for the agreement, which concluded May 2, 1988, in Washington, the two sides endorsed a 1-year extension of the agreement to permit the conclusion of amendments to the original intellectual property rights. The two sides expressed their interest in extending the agreement for a period of 5-10 years when these amendments are completed. They also endorsed new work programs in fusion and physics and signed into force a new Memorandum of Cooperation on Civilian Nuclear Reactor Safety.

In light of the benefits resulting from this longstanding agreement and given the significance of the new nuclear safety accord, the two sides agreed that extension of the agreement should be effected by an exchange of diplomatic notes on the occasion of the visit of President Reagan to the Soviet Union.

Transportation Science and Technology

The major interest of the United States in pursuing cooperation is to achieve a higher degree of safety in national and international transportation systems by the exchange of technical information and operational experience with the Soviets. Specific areas for cooperation identified in the agreement are civil aviation navigation systems, aviation medicine, and air accident investigation; railroad safety, including locomotive engineer selection and training, human factors affecting crew performance, and railway bridge inspection; highway bridge construction; and highway and traffic safety programs.

No formal agreement on cooperation in transportation has existed between the United States and the Soviet Union since September 1983 when the Soviet Union shot down Korean Air Lines #007. At that

time, President Reagan cancelled plans for negotiations for renewing the 1973 transportation agreement, thus allowing it to lapse. Since then cooperative contacts have been limited to work in international organizations, such as the International Civil Aviation Organization (ICAO), and *ad hoc* bilateral meetings on aviation safety problems.

During the 1986 Reykjavik summit, President Reagan and General Secretary Gorbachev agreed that the two sides should explore interest in a new agreement in bilateral transportation cooperation. During 1987 the two sides exchanged lists of possible areas for cooperation. They met in January 1988 in Washington for exploratory talks on these areas. Negotiations followed in April 1988 in Moscow and an agreement was initiated *ad referendum* in Washington on May 13, 1988.

Maritime Search and Rescue

The U.S. Coast Guard and the Soviet Union began discussions in 1985 in an effort to improve coordination between U.S. and Soviet search-and-rescue centers in the North Pacific-Bering Sea area. The aim of these negotiations was to improve safety for seamen of all nations in the area. Further rounds of talks were held in 1987 and 1988, the last round resulting in conclusion of an agreement.

Under this Search and Rescue Agreement, procedures are established to coordinate search-and-rescue operations in the North Pacific and Bering Sea, including provisions for effective communication between U.S. and Soviet search-and-rescue centers and control and coordination of search activities.

Comprehensive Fishing

Since implementation of the Magnuson Fishery Conservation and Management Act in 1977, Soviet vessels have fished U.S. waters under the terms of a Governing International Fisheries Agreement. Until recently U.S. fishermen were unable to utilize the total available catch of U.S. waters off Alaska, and surplus stocks were allocated to the Soviet Union and other nations for direct harvest or mutually beneficial joint ventures. F



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er, now that U.S. fishermen are able to harvest nearly all available fish in U.S. waters, they are interested in fishing opportunities in waters of other nations. As a result, Secretary Shultz and Foreign Minister Shevardnadze signed an interim fisheries agreement on February 21, 1987, providing U.S. fishermen equal access to Soviet waters. U.S. fishermen are primarily interested in fishing for salmon, pollack, and other species off the coast of the Soviet Union.

We have now negotiated a new 5-year Comprehensive Fishing Agreement with the Soviet Union replacing both the 1973 International Fisheries Agreement and the interim fishing agreement of February 21. The agreement will govern, under similar terms, access to the 200-mile coastal zones of both countries by fishing vessels of the other country. Under its terms, U.S. and Soviet fishermen are likely to undertake joint ventures in other cooperative arrangements in the zones of the two countries.

The Comprehensive Fishing Agreement also identifies areas of mutual interest in the field of fishery science and conservation, such as fisheries in the international waters of the Bering Sea and high seas salmon fisheries. It also establishes a U.S.-Soviet Intergovernmental Fisheries Committee to review, on a regular basis, all aspects of the general fisheries relationship.

Outer Space

In April 1987, Secretary Shultz and Foreign Minister Shevardnadze signed the Agreement for Cooperation in the Exploration and Use of Outer Space for Peaceful Purposes. The agreement provides for the establishment of five joint working groups in the fields of solar system exploration, space astronomy and astrophysics, earth sciences, solar terrestrial sciences, and space biology and medicine. Five joint working groups have met. Their agendas have been based on one or more of the initial 16 cooperative projects which are listed in the annex to the Outer Space Agreement.

In light of the progress made under the Outer Space Agreement, both sides



(White House photo by Pete Souza)

Secretary Shultz and Foreign Minister Shevardnadze shake hands after signing the Soviet-U.S. Strategic Ballistic Missile Launch Notification Agreement.

The agreement is a practical new step designed to reduce the risk of misinterpretation, miscalculation, or accident. In the START negotiations, both sides have proposed that there be notification of launches of ICBMs and SLBMs. Both sides launch such missiles from time to time for purposes of testing, training, and maintaining their reliability. The sides have very similar language to implement such notifications in the joint

draft text of the START agreement in Geneva. Given this common approach to launch notification, the United States proposed—at the meeting of foreign ministers in mid-May in Geneva—that we separate this provision from the START treaty and reach an agreement on this subject now. The agreement requires notification of all ICBM and SLBM launches at least 24 hours in advance. The notification would include the planned date of launch, the launch area, and the impact area. The notifications will be made through the Nuclear Risk Reduction Centers.

have agreed to continue to expand cooperation in space science. They have agreed to expand exchanges of space science data and exchanges of scientists, as well as to exchange opportunities for the flight of scientific instruments on each other's manned and unmanned spacecraft. Finally they have undertaken to exchange the results of independent national studies on future unmanned solar system exploration missions as a means of assessing prospects for future U.S.-Soviet cooperation on such missions.

Radionavigation

The United States and the U.S.S.R. each operates low frequency long-range radionavigation systems (U.S.—Loran-C; U.S.S.R.—Chayka). Because of the nature of these systems, there exists the possibility of their interfering with each other, degrading their usefulness. Interference may render some portions of the systems unusable, thus creating situations which could result in navigation safety problems.

To deal with such potential problems and to provide safe and efficient radionavigation services, the U.S. Coast Guard and the Soviets began talks in 1980. Further rounds of discussions were held in 1985, 1987, and 1988 dealing with technical issues, including developing common terms for the glossary of radionavigation systems, resolving interference problems, and exploring ways in which the systems might be made interoperable.

In Leningrad in April 1988, the Coast Guard and the Soviets concluded work on an agreement establishing operational coordination between a U.S. radionavigation station in Alaska and three Soviet stations in Siberia, providing coverage in the North Pacific and Bering Sea areas. The agreement will provide for safer and more efficient marine and aviation navigation in those areas.

Cooperation and Exchanges, 1989-91

On November 21, 1985, at the Geneva summit, President Reagan and General Secretary Gorbachev witnessed the signing by Secretary Shultz and Foreign Minister Shevardnadze of a new bilateral agreement on cooperation and exchanges in the broad fields of culture, information, and education. The agreement, known as the U.S.-U.S.S.R. General Exchanges Agreement, is in force for 6 years (1986-91) and renews an official exchange relationship that dates back to the late 1950s. There was no intergovernmental agreement during the 6 years following the Soviet invasion of Afghanistan.

The General Exchanges Agreement serves two functions.

First, it mandates specific exchanges to be carried out by each government, such as exchanges of performing artists and groups, distribution of USIA's Russian-language magazine *America* and the Soviet English-language publication *Soviet Life*, a variety of educational and academic exchanges, and an exchange of traveling thematic exhibitions.

Second, the General Exchanges Agreement encourages the broadest possible people-to-people contact between the United States and the Soviet Union. Many of these programs are handled by the Office of the President's U.S.-Soviet Exchange Initiative at the U.S. Information Agency (USIA) in cooperation with the U.S. private sector; many others are entirely private.

The agreement signed at the summit is an implementing accord for the next 3 years (1989-91) under the General Exchanges Agreement. It is no mere extension of the previous agreement, however, but an expansion and an improvement which reflects the good will of both parties.

Some of the key areas of improvement in the new program are:

- Agreement to conduct negotiations during this period on the opening of

culture and information centers with the goal of signing an agreement to this effect;

- Strong support for a variety of exchanges of young people, at the high school and university level, including language study, regular academic courses, summer programs, camps, home visits and so forth;

- Increased distribution of the magazine *America*;

- The first official exchanges between conservatories and art institutes;

- Improved financial conditions for U.S. scholars in the U.S.S.R.; and

- Language reflecting a wide variety of agreements between U.S. and Soviet organizations such as the Library of Congress and the Lenin Library, the National Archives and the U.S.S.R. Administration for Archives, as well as other projects, such as a possible U.S.-U.S.S.R. cultural exhibition.

The establishment of an American culture and information center in the Soviet Union has been a longstanding objective of the U.S. Government. The U.S. Information Agency operates such centers in scores of countries around the world and has long believed that the establishment of such centers on a reciprocal basis would be a major, even historic, step in the development of our bilateral relationship.

Under the General Exchanges Agreement, we have now agreed with the Soviet Union to conduct negotiations on the opening of culture and information centers between now and 1991 with the goal of signing an agreement to this effect and establishing such centers as soon as possible.

Culture and information centers engage in a wide range of activities:

- Lending libraries for books, periodicals, videotapes, and even video equipment;

- Seminars and round-tables on topics of interest;

- Participation in live satellite activities;



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- Showings of films and live television programs;
- Art shows and exhibits;
- English-language teaching and student counseling; and
- Presentation of speakers on topics of interest.

High School Exchange Proposal

The President proposed, and General Secretary Gorbachev agreed, to expand the President's U.S.-Soviet Exchange Initiative, established by agreement in Geneva in 1985.

Negotiations will begin immediately to create student exchange programs between 100 American and 100 Soviet high schools per year, with a goal of exchanging 1,000-1,500 high school students in each direction within 2 years. (The current agreements would allow no more than 50 Soviet and American students pursuing studies in the other country annually.)

Specific programs would be negotiated for the exchange schools, but the general guidelines would provide for students to study in each other's schools for periods of at least 1 month. The program would focus on academics with a foreign language emphasis.

The goal in the first year would be to develop student exchange programs in 20 public and private schools and to add 100 schools in each country in the second year.

Currently there are over 500 U.S. schools with some Russian language programs; another 300 schools have potential for such programs.

Many Soviet students would live with American families. The American students would either stay in Soviet homes or live in dormitories with shared home hospitality and meals shared with a Soviet family.

The host school would arrange at least one trip for visiting students to a city for a program of sightseeing and cultural events.

The American Council of Teachers of Russian (ACTR) and the National Association of Secondary School Principals (NASSP) have been actively involved in U.S.-U.S.S.R. student exchanges and are interested in being involved in this project. Other private sector organizations will be invited to support the program. There are already three such exchanges in existence.

- Phillips Academy in Andover, Mass., and the Physics Mathematics Institute in Novosibirsk signed an agreement for an annual 5-week exchange of 10 students and two leaders. The schools conducted the first exchange in March-April 1987 and the second exchange in September-October 1987. The Novosibirsk students met with President Reagan in October 1987. The third exchange is scheduled for September-October 1988.

- Choate Rosemary Hall in Wallingford, Conn., and Moscow School #18 signed an agreement in January 1988 for an annual 4-week exchange of five students and one leader. The first group of Moscow School #18 students has been studying at Choate from April 17 to May 20. The first group of Choate students will visit Moscow in September 1988.

- Under the rubric of sister-cities exchange, the McDonogh School in Baltimore sent a group of students to Odessa for 3 weeks in September 1987 and Odessa School #119 sent a group of students to Baltimore for 3 weeks in March-April 1988. The Odessa school students met with Vice President Bush in late March. The next exchange is scheduled for the spring of 1989.

These are private schools in the United States. The first public school invitation (Lakeside School in Seattle, Wash., invited Moscow School #20) has not yet been accepted.

¹For text of the agreement (without annexes), see p. 67. ■



Prime Minister Mulroney and President Reagan at welcoming ceremony.

(White House photo by Bill Fitz-Patrick)



Toronto Economic Summit

*President Reagan attended the 14th economic summit
of the industrialized nations in Toronto
June 19-21, 1988, which was hosted by
Canadian Prime Minister Brian Mulroney.*

*The other participants were
President Francois Mitterrand (France),
Chancellor Helmut Kohl (West Germany),
Prime Minister Ciriaco De Mita (Italy),
Prime Minister Noboru Takeshita (Japan),
Prime Minister Margaret Thatcher (United Kingdom),
and Jacques Delors, President
of the Commission of the European Communities.*

POLITICAL DECLARATION, JUNE 20, 1988

East-West

The leaders of our seven countries, and representatives of the European Community, uphold common principles of freedom, respect for individual rights, and the desire of men to live in peace under the rule of law. Our peoples stand in solidarity within the framework of our existing alliances for the sake of freedom, to safeguard democracy and prosperity which it has produced. In our discussions we considered how these goals and values could be pursued in the field of foreign affairs, particularly with regard to East-West relations.

We discussed a wide range of regional questions and these discussions are continuing throughout the Summit.

We confirmed our belief in constructive and realistic dialogue and cooperation, including arms control, human rights, and regional issues, as the way to build stability between East and West and enhance security over levels of arms. We also reaffirmed our support for the foreseeable future nuclear deterrence and adequate conventional strength as guarantees of peace in freedom.

In several important respects changes have been taken place in relations between Western countries and the Soviet Union since we last met. For our part this evolution has come about because the industrialized democracies

have been strong and united. In the Soviet Union greater freedom and openness will offer opportunities to reduce mistrust and build confidence. Each of us will respond positively to any such developments.

5. We welcome the beginning of the Soviet withdrawal of its occupation troops from Afghanistan. It must be total and apply to the entire country. The Afghan people must be able to choose their government freely. Each of us confirms our willingness to make our full contribution to the efforts of the international community to ensure the return of the refugees to their homeland, their resettlement, and the reconstruction of their country. We now look to the Soviet Union to make a constructive contribution to resolving other regional conflicts as well.

6. Since our last meeting, progress has been made between the United States and the Soviet Union in agreeing to reduce nuclear weapons in a manner which accords fully with the security interests of each of our countries. The INF [Intermediate-Range Nuclear Forces] Treaty, the direct result of Western firmness and unity, is the first treaty ever actually to reduce nuclear arms. It sets vitally important precedents for future arms control agreements: asymmetrical reductions and intrusive verification arrangements. We now look for deep cuts in U.S. and Soviet strategic offensive arms. We congratulate President Reagan on what he has already accomplished, along with General Secretary Gorbachev, towards this goal.

7. Nonetheless, the massive presence of Soviet conventional forces in Eastern Europe,

the ensuing conventional superiority of the Warsaw Pact, and its capacity to launch surprise attacks and large scale offensive operations, lie at the core of the security problem in Europe. The Soviet military buildup in the Far East is equally a major source of instability in Asia. These threats must be reduced. Our goal is enhanced security and stability at lower levels of forces, after having eliminated the present imbalances. We seek the early establishment of a comprehensive, effectively verifiable, and truly global ban on chemical weapons.

8. Genuine peace cannot be established solely by arms control. It must be firmly based on respect for fundamental human rights. We urge the Soviet Union to move forward in ensuring human dignity and freedoms and to implement fully and strengthen substantially its commitments under the Helsinki process. Recent progress must be enshrined in law and practice, the painful barriers that divide people must come down, and the obstacles to emigration must be removed.

9. We pay special attention to the countries in Eastern Europe. We encourage them to open up their economies and societies, and to improve respect for human rights. In this context we support the continuation and strengthening of the Helsinki process.

10. We take positive note of Eastern countries' growing interest in ending their economic isolation, for example in the establishment and development of relations with the European Community. East-West economic relations can be expanded and serve our



Summit participants from left to right: President Delors, Prime Minister De Mita, Prime Minister Thatcher, Presi-

dent Reagan, Prime Minister Mulroney, President Mitterrand, Chancellor Kohl, and Prime Minister Takeshita.

common interests so long as the commercial basis is sound, they are conducted within the framework of the basic principles and the rules of the international trade and payments system, and are consistent with the security interests of each of our countries.

Terrorism

11. We strongly reaffirm our condemnation of terrorism in all its forms, including the taking of hostages. We renew our commitment to policies and measures agreed at previous Summits, in particular those against state-sponsored terrorism.

12. We strongly condemn recent threats to air security, in particular the destruction of a Korean airliner and the hijacking of a Kuwaiti airliner. We recall the principle affirmed in previous declarations that terrorists must not go unpunished. We appeal to all countries who are not party to the international conventions on civil aviation security, in particular The Hague Convention, to accede to those conventions.

13. We express support for work currently under way in the International Civil Aviation Organization aimed at strengthening international protection against hijackings. We welcome the most recent declaration adopted by

the ICAO Council which endorses the principle that hijacked aircraft should not be allowed to take off once they have landed, except in circumstances as specified in the ICAO declaration.

14. We welcome the adoption this year in Montreal and Rome of two international agreements on aviation and maritime security to enhance the safety of travellers.

15. We reaffirm our determination to continue the fight against terrorism through application of rule of law, the policy of no concessions to terrorists and their sponsors and international cooperation.



SUMMIT TORONTO SUMMIT

otics

the illegal use of drugs and the illicit trafficking in them poses grave risks to the peoples of source and transit countries. There is an urgent need for improved international cooperation in all appropriate fora on programs under all facets of the illicit drug problem, in particular production, trafficking, and financing of the drug trade. The complexity of the problem requires additional international cooperation, in particular to trace, freeze, and sequester the proceeds of drug traffickers, and curb money laundering.

We look forward to the successful negotiation in Vienna in November of a United Nations Convention on illicit trafficking.

We supported the initiative of the Government of the United States for a special task force to be convened to propose methods of improving cooperation in all areas including national, bilateral, and multilateral efforts in the fight against narcotics.

CHAIRMAN'S SUMMARY OF POLITICAL ISSUES, JUNE 20, 1988¹

The following represents an agreed summary of discussions on the Middle East, South Africa, and Cambodia.

the East

We express our deep concern at the increasing instability in the Near East. The current situation in the Occupied Territories is a clear that the *status quo* is not sustainable. An negotiated settlement to the underlying Israeli dispute is essential. We declare our support for the convening of a properly structured international conference as the appropriate framework for the necessary negotiations between the parties directly concerned. In this objective we salute current efforts aimed at achieving a settlement, particularly the initiative pursued by Mr. Shultz since February. We urge the parties to cooperate fully in the search for a solution.

We have pursued our consultations about the continuing war between Iran and Iraq, which remains a source of profound concern to us. We affirm our support for Security Council Resolution 598, which was adopted unanimously. We express our warm appreciation for the efforts of the Secretary General to work for a settlement

on this basis and reiterate our firm determination to ensure implementation of this mandatory resolution by a follow-up resolution. We condemn the use of chemical weapons by either party, deplore proliferation of ballistic missiles in the region, and renew our commitment to uphold the principle of freedom of navigation in the Gulf.

South Africa

We declare our abhorrence of apartheid, which must be replaced through a process of genuine national negotiations by a non-racial democracy.

We expressed our urgent opinion on three particular matters:

(1) All legal options available in South Africa should be used to secure clemency for the Sharpeville Six;

(2) The enactment of legislation designed to deprive anti-apartheid organisations of overseas aid would place severe strain on the relations each of us has with South Africa;

(3) We strongly support the current negotiations seeking national reconciliation within Angola, an end to the Angola/Namibia conflict, and early implementation of UN Security Council Resolution 435.

Cambodia

As the recent message from Prince Sihanouk has reminded us, the continuing Cambodian conflict and the suffering of the Cambodian people is of deep concern. We join the vast majority of the nations of the world in calling for the prompt withdrawal of all Vietnamese troops. We support a political settlement in Cambodia which will provide for Cambodian self-determination and lead to the re-emergence of a free and independent Cambodia.

ECONOMIC DECLARATION, JUNE 21, 1988

1. We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Toronto for the fourteenth annual Economic Summit. We have drawn lessons from the past and looked ahead to the future.

2. Over the past fourteen years, the world economy and economic policy have undergone

profound changes. In particular, the information-technology revolution and the globalization of markets have increased economic interdependence, making it essential that governments consider fully the international dimensions of their deliberations.

3. We observed a sharp contrast between the 1970s and 1980s. The former was a decade of high and rising inflation, declining productivity growth, policies dominated by short-term considerations, and frequently inadequate international policy cooperation. In the 1980s inflation has been brought under control, laying the basis for sustained strong growth and improved productivity. The result has been the longest period of economic growth in post-war history. However, the 1980s have seen the emergence of large external imbalances in the major industrial economies, greater exchange rate volatility, and debt-servicing difficulties in a number of developing countries. Our response to these developments has been an increased commitment to international cooperation, resulting in the intensified process of policy coordination adopted at the 1986 Tokyo Summit and further strengthened at the Venice Summit and in the Group of Seven.

4. Summits have proven an effective forum to address the issues facing the world economy, promote new ideas, and develop a common sense of purpose. Especially in the 1980s they have helped bring about an increasing recognition that the eradication of inflation and of inflationary expectations is fundamental to sustained growth and job creation. That recognition has been underpinned by a shift from short-term considerations to a medium-term framework for the development and implementation of economic policies, and a commitment to improve efficiency and adaptability through greater reliance on competitive forces and structural reform. Over this period we have also singled out for concerted attention a number of other issues of decisive importance: the overriding need to resist protectionism and strengthen the open, multilateral trading system; to maintain and strengthen an effective strategy to address the challenge of development and alleviate the burden of debt; and to deal with the serious nature of the world agricultural problem.

5. Since we last met, our economies have kept up the momentum of growth. Employment has continued to expand generally, inflation has been restrained, and progress has been made toward the correction of major external imbalances. These encouraging developments are cause for optimism, but not for complacency. To sustain non-inflationary growth will require a commitment to enhanced cooperation. This is the key to credibility and confidence.

INTERNATIONAL ECONOMIC POLICY COOPERATION

Macroeconomic Policies and Exchange Rates

6. The Tokyo and Venice Summits have developed and strengthened the process of coordination of our economic policies. Developments in the wake of the financial strains last October demonstrate the effectiveness and resilience of the arrangements that have emerged. The policies, the short-term prospects, and the medium-term objectives and projections of our economies are being discussed regularly in the Group of Seven. The policies and performance are assessed on the basis of economic indicators. We welcome the progress made in refining the analytical use of indicators, as well as the addition to the existing indicators of a commodity-price indicator. The progress in coordination is contributing to the process of further improving the functioning of the international monetary system.

7. Fiscal, monetary, and structural policies have been undertaken to foster the adjustment to more sustainable economic and financial positions in the context of non-inflationary growth. Efforts in those directions, including continued reduction of budgetary deficits, will continue. We need to maintain vigilance against any resurgence of inflation. We reaffirm our determination to follow and, wherever feasible, strengthen our agreed strategy of coordinated efforts to reduce the growth of spending in countries with large external deficits and to sustain the momentum of domestic demand in those with large external surpluses. The reduction of large external imbalances, however, will require not only our cooperative efforts, but also those of smaller economies, including newly industrializing economies, with large external surpluses.

8. The exchange rate changes in the past three years, especially the depreciation of the U.S. dollar against the Japanese yen and the major European currencies, have played a major role in the adjustment of real trade balances. We endorse the Group of Seven's conclusion that either excessive fluctuation of exchange rates, a further decline of the dollar, or a rise in the dollar to an extent that becomes destabilizing to the adjustment process, could be counterproductive by damaging growth prospects in the world economy.

Structural Reforms

9. International cooperation involves more than coordination of macroeconomic policies. Structural reforms complement macroeconomic policies, enhance their effectiveness, and provide the basis for more robust growth.

We shall collectively review our progress on structural reforms and shall strive to integrate structural policies into our economic coordination process.

10. We will continue to pursue structural reforms by removing barriers, unnecessary controls, and regulations; increasing competition, while mitigating adverse effects on social groups or regions; removing disincentives to work, save, and invest, such as through tax reform; and by improving education and training. The specific priorities that each of us has identified are outlined in the attached Annex on Structural Reforms.

11. We welcome the further development of the OECD's [Organization for Economic Cooperation and Development] surveillance of structural reforms. Such surveillance would be particularly useful in improving public understanding of the reforms by revealing their impact on government budgets, consumer prices, and international trade.

12. One of the major structural problems in both developed and developing countries is in the field of agricultural policies. It is essential that recent significant policy reform efforts undertaken by a number of parties be continued through further positive action by all Summit participants. More market-oriented agricultural policies should assist in the achievement of important objectives such as preserving rural areas and family farming, raising quality standards, and protecting the environment. We welcome the OECD's increased emphasis on structural adjustment and development in the rural economy.

13. Financial and technological innovations are rapidly integrating financial markets internationally, contributing to a better allocation of capital but also increasing the speed and extent to which disturbances in one country may be transmitted to other countries. We will continue to cooperate with other countries in the examination of the functioning of the global financial system, including securities markets.

MULTILATERAL TRADING SYSTEM/URUGUAY ROUND

14. A successful Uruguay Round will assure the integrity of an open, predictable multilateral trading system based on clear rules and will lead to trade expansion and enhanced economic growth. At Punta del Este, Ministers committed themselves to further trade liberalization across the wide range of goods and services, including such new areas as trade-related intellectual property and trade-related investment measures, to strengthen the multilateral trading system, and to allow for early agreement where appropriate. Countries must continue to resist protectionism and the temptation to adopt unilateral measures outside the

framework of GATT [General Agreement Tariffs and Trade] rules and to allow for agreements where appropriate. In order to preserve a favourable negotiating climate participants should consciously implement the commitments to standstill and rollback they have taken at Punta del Este and subsequent international meetings.

15. We strongly welcome the Free Trade Agreement between Canada and the USA, the steady progress towards the target of European Community to complete the internal market by 1992. It is our policy that these developments, together with other moves towards regional cooperation in which our countries are involved, should support the open multilateral trading system and catalyze liberalizing impact of the Uruguay Round.

16. We attach major importance to strengthening the GATT itself. It is vital that the GATT become a more dynamic and effective organization, particularly in regard to the surveillance of trade policies and dispute settlement procedures, with greater Ministerial involvement, and strengthened linkages with other international organizations. GATT discipline must be improved so that members accept their obligations and ensure that disputes are resolved speedily, effectively, and equitably.

17. Trade plays a key role in development. We encourage the developing countries, especially the newly industrializing economies, to undertake increased commitments and obligations and a greater role in the GATT, to recognize their importance in international trade and in the international adjustment process, as well as with their respective development. Equally, developed countries should continue to strive to ensure more markets for the exports of developing countries.

18. In agriculture, continued political support is essential to underpin the political efforts to advance the equally difficult and related process of agricultural trade reform. Although significant progress was made in 1987 in Uruguay Round negotiations, with the text of major proposals, it is necessary to ensure that the Mid-Term Review in Montreal in December, 1988 adds impetus to the negotiations in this as in other fields. We support efforts to adopt a framework approach, including short as well as long-term elements, which will promote the reform process as launched last year and relieve current strains in agricultural markets. This would be facilitated by a device for the measurement of support and protection. Also, ways should be developed to take account of food security and social concerns. To move the issue forward, and not among other things the diversity of our cultural situations, our negotiators in Geneva must develop a framework approach which



les short-term options in line with long-term goals concerning the reduction of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural production. The objective of the framework approach would be to make the agricultural sector more responsive to market signals. As the Uruguay Round enters a more advanced phase, it is vital to ensure the momentum of these ambitious negotiations. The Mid-Term Review will provide a unique opportunity to send a credible political signal to the rest of the world. The greatest possible advance must be made in all areas of the negotiations, including, where appropriate, decisions, so as to achieve by the end of the year the stage of tangible progress can be registered. To this end, we support efforts to adopt a framework approach on all issues in the negotiations, including the GATT system and rules, trade access, agriculture, and new issues such as trade in services, trade-related intellectual property rights, and trade-related investment measures. For our part, we are committed to ensure that the Mid-Term Review establishes a solid base for the full and effective success of the negotiations, in accordance with the Punta del Este Declaration. We all recognize the critical and expanding role of international investment in the world economy and share a deep concern that protectionist measures would undermine the benefits of open investment policies. We recommit ourselves to progressively liberalize international investment policies and urge other countries to do the same.

NEWLY INDUSTRIALIZING ECONOMIES

Among the newly industrializing economies in the Asia-Pacific region have become increasingly important in world trade. Although these economies differ in many important respects, they are all characterized by rapid, export-led growth which has allowed them to treble their share of world trade since 1970. Other outward-oriented Asian countries are beginning to emerge as rapidly growing exporters of manufactures. With increasing economic importance come greater international responsibilities and a strong mutual interest in improved constructive dialogue and cooperative efforts in the near term between the industrialized countries and the newly industrialized economies. The dialogue and cooperative efforts could centre on such areas as macroeconomic, currency, trade, and investment to achieve the international adjustment necessary for sustained, rapid growth of the world economy. We

encourage the development of informal processes which would facilitate multilateral discussions of issues of mutual concern and foster the necessary cooperation.

DEVELOPING COUNTRIES AND DEBT

22. The performance of developing countries is increasingly important to the world economy. Central to the prospects of the developing countries are a healthy global economic environment and an open trading system, adequate financial flows, and, most important, their commitment to appropriate economic reform. The problems of many heavily indebted developing countries are a cause of economic and political concern and can be a threat to political stability in developing countries. Several countries find themselves in that situation in various regions of the world: Latin America, Africa, and the Pacific, particularly the Philippines, and that merits our special attention.

Middle-Income Countries

23. A number of highly indebted middle-income countries continue to have difficulties servicing their external debt and generating the investment necessary for sustainable growth. The market-oriented, growth-led strategy based on the case-by-case approach remains the only viable approach for overcoming their external debt problems.

24. We are encouraged that many indebted countries have begun the difficult process of macroeconomic adjustment and structural reform necessary for sustained progress, encouraging the return of flight capital and new investment flows. The success of these efforts is essential for improving the economic performance and strengthening the creditworthiness of these countries.

25. Official financing has played a central role in the debt strategy through the Paris Club (US\$73 billion of principal and interest have been consolidated since 1983) and the flexible policies of export credit agencies. The international financial institutions will continue to have a pivotal role. We endorse the recent initiatives taken by the International Monetary Fund to strengthen its capacity to support medium-term programs of macroeconomic adjustment and structural reform and to provide greater protection for adjustment programs from unforeseen external developments. We strongly support the full implementation of the World Bank's US\$75 billion General Capital Increase to strengthen its capacity to promote adjustment in middle-income countries. We also support greater awareness by international financial institutions of the environmental impact of their development programs.

26. Commercial banks have played an important role in supporting debtor countries' reform efforts through an expanded menu of financing options which has facilitated the channelling of commercial bank lending into productive uses. Their continued involvement is indispensable to the debt strategy. In this regard, the World Bank and IMF can play an important catalytic role in mobilizing additional financing from private (and official) sources in support of debtor countries' adjustment programs.

27. We note that in recent years there has been increasing recourse to innovative financing techniques. The important characteristics of these techniques are that they are voluntary, market-oriented, and applied on a case-by-case basis. The "menu approach" has engendered new financial flows and, in some cases, reduced the existing stock of debt. The flexibility of the present strategy would be enhanced by the further broadening of the menu approach and the encouragement of innovative financing techniques to improve the quality of new lending, but particular initiatives would have to be carefully considered.

28. International direct investment plays an important role in spurring economic growth and structural adjustment in developing countries. Thus it contributes to alleviating debt problems. Developing countries should welcome and encourage such investment by creating a favourable investment climate.

Debt to the Poorest

29. An increase in concessional resource flows is necessary to help the poorest developing countries resume sustained growth, especially in cases where it is extremely difficult for them to service their debts. Since Venice, progress in dealing with the debt burden of these countries has been encouraging. Paris Club creditors are rescheduling debt at extended grace and repayment periods. In addition, the recent enhancement of the IMF's Structural Adjustment Facility; the World Bank and Official Development Assistance (ODA) agencies' enhanced program of co-financing; and the fifth replenishment of the African Development Fund will mobilize a total of more than US\$18 billion in favour of the poorest and most indebted countries undertaking adjustment efforts over the period 1988/90. Out of this total, US\$15 billion will be channelled to sub-Saharan African countries.

30. We welcome proposals made by several of us to ease further the debt service burdens of the poorest countries that are undertaking internationally approved adjustment programs. We have achieved consensus on rescheduling official debt of these countries within a framework of comparability that

allows official creditors to choose among concessional interest rates usually on shorter maturities, longer repayment periods at commercial rates, partial write-offs of debt service obligations during the consolidation period, or a combination of these options. This approach allows official creditors to choose options consistent with their legal or budgetary constraints. The Paris Club has been urged to work out necessary technicalities to ensure comparability by the end of this year at the very latest. This approach will provide benefits over and above the impressive multilateral agreements to help the poorest countries over the past year. We also welcome the action taken by a number of creditor governments to write-off or otherwise remove the burden of ODA loans, and also urge countries to maintain a high grant element in their future assistance to the poorest.

ENVIRONMENT

31. We agree that the protection and enhancement of the environment is essential. The report of the World Commission on Environment and Development has stressed that environmental considerations must be integrated into all areas of economic policy-making if the globe is to continue to support humankind. We endorse the concept of sustainable development.

32. Threats to the environment recognize no boundaries. Their urgent nature requires strengthened international cooperation among all countries. Significant progress has been achieved in a number of environmental areas. The Montreal Protocol on Substances that Deplete the Ozone Layer is a milestone. All countries are encouraged to sign and ratify it.

33. Further action is needed. Global climate change; air, sea, and fresh water pollution; acid rain; hazardous substances; deforestation; and endangered species require priority attention. It is, therefore, timely that negotiations on a protocol on emissions of nitrogen oxides within the framework of the Geneva Convention on Long-range Transboundary Air Pollution be pursued energetically. The efforts of the United Nations Environment Program (UNEP) for an agreement on the transfrontier shipment of hazardous wastes should also be encouraged as well as the establishment of an inter-governmental panel on global climate change under the auspices of UNEP and the World Meteorological Organization (WMO). We also recognize the potential impact of agriculture on the environment, whether negative through over-intensive use of resources or positive in preventing desertification. We welcome the Conference on the Changing Environment to be held in Toronto next week.

FUTURE SUMMITS

34. We, the Heads of State or Government, and the representatives of the European Community, believe that the Economic Summits have strengthened the ties of solidarity, both political and economic, that exist between our countries and that thereby they have helped to sustain the values of democracy that underlie our economic and political systems. Our annual meetings have provided the principal opportunity each year for the governments of the major industrialized countries to reflect, in an informal and flexible manner, upon their common responsibility for the progress of the world economy and to resolve how that responsibility should have practical manifestation in the years ahead. We believe that the mutual understanding engendered in our meetings has benefitted both our own countries and the wider world community. We believe, too, that the opportunities afforded by our meetings are becoming even more valuable in today's world of increasing interdependence and increasing technological change. We have therefore agreed to institute a further cycle of Summits by accepting the invitation of the President of the French Republic to meet in France, July 14-16, 1989.

OTHER ISSUES

Human Frontier Science Program

1. We note the successful conclusion of Japan's feasibility study on the Human Frontier Science Program and are grateful for the opportunities our scientists were given to contribute to the study. We look forward to the Japanese Government's proposal for the implementation of the program in the near future.

Bioethics

2. We note that, as part of the continuing review of the ethical implications of developments in the life sciences, the Italian Government hosted the fifth conference on bioethics in April 1988, and we welcome the intention of the European Communities to host the sixth conference in the spring of 1989.

ANNEX ON STRUCTURAL REFORMS

Europe is pursuing structural reforms to complement macroeconomic policies in order to spur job creation, enhance growth potential, and achieve a sustainable pattern of external balances. Structural reform measures are

being put into place in the framework of the Communities' program for a unified internal market by 1992, including full liberalization of capital movements; removal of physical, administrative, and technical barriers to allow the full mobility of persons, goods, and services; and an improvement of competition policy. However, full achievement will depend on complete and timely implementation of the measures and on complementary policies including those in the fields of regional, social and environmental policies and of technology co-operation.

The main elements of Germany's structural reforms are tax reform and reduction, deregulation, and privatization; reform of the postal and telecommunications system; increased flexibility in the labour market; and reform of the social security system.

In France, the main structural reforms deal with improving the level of education, professional training and development for workers, and with major improvements in functioning of financial markets in order to facilitate the financing of the economy at the lowest possible cost.

Italy will seek to promote training and education, increase the flexibility of the labour market to spur employment, improve the functioning of financial markets, revise the system to promote efficiency and eliminate distortions, and enhance public sector efficiency.

In the United Kingdom, there has already been a substantial program of tax reform, trade union law reform, deregulation, opening up of markets, and privatization of state industries. This will continue. Further measures are being introduced to improve both quality of education and the flexibility of the housing market.

Japan will pursue further structural reforms to support and sustain the greater reliance on domestic demand-led growth which has opened remarkably. Japan will promote reform government regulations in key sectors including land use policies and the distribution system, and reform of the tax system.

For the United States, where recent indications that the declining trend in private saving may have bottomed out are encouraging, it nonetheless a priority to increase incentive saving. Also the United States will strengthen the international competitiveness of its industrial sector.

The most promising areas of structural reform in Canada are implementation of the second stage of tax reform, the proposed liberalization of the financial services sector and, most important, the implementation of the Free Trade Agreement with the United States.



WHITE HOUSE STATEMENT, JUNE 21, 1988²

The summit punctuated the success of the President's economic program over the past 7 years. The emphasis on tax reform, trade liberalization, and individual initiative has borne fruit in the United States, bringing about the longest sustained economic growth in peacetime, bringing down inflation and unemployment. The leaders expressed personal regard for the President's success and the impact it has on other world economies. On the economic side, this summit once again highlights that increased coordination of policies is one of the reasons that the economies are doing so well and that the same sort of coordination is necessary in areas concerning the restructuring of economies. On agriculture the leaders this morning moved the process forward. The final language was a real improvement over the early morning language, and the United States is in agreement with the final product.

On the political side, increased cooperation on fighting international drug trafficking is a major step forward. This is an American initiative, something the President and Vice President worked on with Prime Minister Mulroney. This is the first time that we have an initiative that will address the complex issue of international production, trafficking, and marketing of the drug trade.

Likewise, in the area of terrorism, support of the ICAO action on hijacked aircraft is another step in the fight against terrorism. We hope to build broader support in other countries in the months ahead.

In summary the President is quite pleased with the outcome of the summit. He is gratified by the accolades from his world leaders. He appreciates their friendship and the personal bonds that have been established in these summits.

(White House photo by Susan Biddle)



Secretary Shultz with President Reagan before final plenary session.

PRESIDENT'S STATEMENT, JUNE 21, 1988³

Today's ceremonies, as you know, mark the end of my eighth economic summit, and over the years, I have come to regard the summit process as extremely important in forging a coordinated economic approach for the United States and the other industrialized democracies. It has helped return the nations represented here to steady growth and helped to establish a consensus among us that only free and open markets and only free and open societies can foster economic progress and opportunity.

Maybe one of the best ways to view these economic summits is to compare discussions at them—whether heralded in our communiques or not—with later results. For example, our 1981 communique from Ottawa said the primary challenge we addressed at this meeting was the need to revitalize the economies of

the industrial democracies. Revitalization, of course, has been achieved in part because the common commitment at Ottawa inaugurated a search for consensus on how to work together to release the productive energies of our people. And today gross national products are growing, as are employment numbers and real personal incomes. Our economic expansion in the United States got the ball rolling and helped crystalize the new consensus. And now everyone is part of the act.

To take another example, in our 1986 Tokyo economic communique, we said there should be close and continuous coordination of economic policy among the seven summit countries. Today policy coordination is a major pillar of the economic policies of all our countries. It is a significant reason why the world market instabilities of last October had so little impact on our underlying economies. The summit in Tokyo gave the political push that ensured that the fledgling process of coordination grew strong and robust.



(White House photo by Bill Fitz-Patrick)

Prime Minister Mulroney reading economic declaration on the last day of the summit; with him are Prime Minister Thatcher, President Reagan, and President Mitterrand.

So here we are celebrating this summit with a measure of pride. Some significant items are still in need of attention but, all in all, how things have changed over the years. The economies of the summit countries have come roaring back, driven by a common commitment to replace government control with market-oriented policies. These summits are building blocks for tomorrow. Goals we set in earlier years have borne fruit. I believe that the goals we are setting now will become the landmarks for the future.

Looking back at how much has been achieved since the last time the summit was in Canada, is it any wonder that our seven free democratic industrialized nations are turning with confidence to the future, to the challenges and opportunities that new technology, more closely knit global markets, and a free world will bring in working together?

During our meetings here, we discussed the international economic and political situations. We reviewed the economic policy coordination process, the world debt situation—particularly that of the poorer countries—the state of the Uruguay Round of trade negotiations—particularly in agriculture—and international cooperation to stop the production and flow of illegal drugs.

We also had a fruitful exchange of views on East-West relations, terrorism, and regional political issues. Yesterday afternoon, Prime Minister Mulroney organized an informal session where leaders shared their thoughts on the economic future of the summit countries. In that session, I said that I believe that the expansion of global markets and the enormous technological advances that are coming in the years ahead will demand even closer coordination of economic policies.

All of our economies must be flexible and open, not burdened by excessive regulations, high taxes, and all the other rigidities that too many economies have known too well.

Last night my colleagues and I spoke of the future, of the education of our children, of assisting those displaced by the rapid pace of economic change—most notably our farmers—of removing structural impediments in our economies. We are all flexible enough to meet the challenges of the rapid technological changes and economic integration that is the hallmark of the future.

The summit nations can be partners in a great venture to progress. Yes, we can seize our opportunities or we can watch the world go by. I am confident which path our nations will choose. As I said before leaving Washington, the future belongs to the flexible. Eight years ago, you would have heard argument about that. Today it defines the consensus among the seven nations that met at these economic summits.

In closing, let me say thank you to the people of Toronto and to Prime Minister Mulroney for hosting us with such courtesy and enthusiasm. They made all of us in the American delegation—and I'm confident those in the other delegations as well—feel right at home. And in just 3 days here, we share one common sentiment: We love Canada.

¹ This statement was read to news correspondents by Canadian Secretary of State External Affairs Joe Clark.

² Text from White House press release.

³ Opening statement at a news conference held in the Royal York Hotel in Toronto; for full text of news conference, see Weekly Compilation of Presidential Documents of 27, 1988. ■



U.S.-Japan Agreement on Cooperation in Science and Technology



(White House photo by David Johnson)

June 20, 1988, during the economic summit in Toronto, President Reagan and Prime Minister Takeshita signed the Agreement on Cooperation in Research and Development in Science and Technology.

WHITE HOUSE FACT SHEET, JUNE 20, 1988¹

The new agreement incorporates provisions and initiatives to establish a more balanced and reciprocal partnership in science and technology. Specifically the agreement:

- Sets forth broad principles under which the Governments of the

United States and Japan will conduct their future science and technology relationship;

- Establishes cooperation in science and technology areas of national importance in which both countries have complementary capabilities and from which both countries will obtain equitable benefits (among these areas of research are advanced materials, including superconductors, life sciences,

information science, manufacturing technology, automation and process control, global geoscience and environment, and joint database development);

- Calls for both governments to provide comparable access to their government-sponsored or supported research facilities and activities, as well as to scientific and technical literature;
- Creates a broad management structure that will oversee the overall science and technology relationship and generate initiatives and policy recommendations to strengthen that relationship;
- Sets forth provisions for the adequate protection of intellectual property and the distribution of intellectual property rights arising from the collaborative activities under the agreement; and
- Details the shared security obligations of the United States and Japan in the area of collaborative science and technology information. The agreement states that both countries will support the widest possible dissemination of information, subject to export controls, classification procedures, and intellectual property rights protection.

The new agreement establishes a Joint High-Level Committee to meet annually to review matters of importance in the field of science and technology and policy issues related to the overall science and technology relationship between the two countries.

The new 5-year accord supersedes the Science and Technology Agreement that was signed by President Carter and Prime Minister Ohira in 1980.

¹Text from White House press release. ■

Secretary's Interview on "Meet the Press"

Secretary Shultz was interviewed on NBC-TV's "Meet the Press" on June 19, 1988, by Chris Wallace and John Cochran, NBC News, and Robert Kaiser, The Washington Post.¹

Q. I want to ask you first of all, if I might, about this apparent scandal in military procurement which some Republican Senators, who have been briefed on it, are calling the worst in the history of the Pentagon. How concerned are you about the threat to national security, both in terms of this slowing down the military buildup, and also in terms of it further eroding public support to the Pentagon?

A. First of all, I know nothing about this other than what I read. It's been uncovered by our chief law enforcement agency, the FBI, and they're pursuing it. Just what its dimensions are I don't have any information on.

However, it is essential, I think, for our country to maintain our capability to defend our interests and represent our values around the world, and a strong defense establishment is essential to that.

Q. What is it going to do if a number of the major Defense contractors in this country are now going to be involved in investigations for weeks or months or years?

A. Individuals who participated and the corporate entity, if they are guilty of something, will have to pay a penalty. Nevertheless, those are great organizations and very productive—full of ability, both scientific and engineering production possibilities—and so they'll proceed. They're very competitive.

Q. You pride yourself on being a good government manager. Some people say that what's happened here is exactly what you would expect when you throw \$2 trillion at the Pentagon, that there was just too much money and too many contracts for them to be adequately overseen.

A. As I say, I don't know the details of this investigation at all. Obviously, when you're spending large sums of money, you have to have procedures and safeguards to do it properly, and you have to have people who have high standards of proper behavior. By and large, I think they have those things. Whether there are some people around the edges who have managed to distort

this flow of ethical behavior, I just don't know.

Q. You talk about the flow of ethical behavior. I want to ask you, if I might, about the public reaction to all of this and public support for the military buildup. Isn't this just going to add to the general impression of the sleaze factor, that there's a pattern of unethical and, in this case, perhaps illegal behavior within the Reagan Administration?

A. There are problems that come out when you have large amounts of spending like this periodically. I think it's worth noting that this was uncovered by people working in the Reagan Administration, so you have to factor that in. But it's a problem, and I think that the way to deal with it is to hit it hard.

I think it was like who said he wanted people who, his phrase was, "were as clean as a hound's tooth." And I also remember Senator Paul Douglas, one of my favorites from the old days, from Illinois who always said, "It all starts with a cigar." So you have to watch the little things before they become big things. I'm sure that's true.

Q. It was announced yesterday that you're going to go down to Central America. At the same time, one of your senior officials said on background that the Administration has no hope of getting more lethal aid, military aid, for the *contras* out of Congress. What sort of bargaining cards have you got if you don't have the possibility for military aid? What can you do down there?

A. I'm going to carry a U.S. message of what our objectives are and our program and ideas for getting there. Those objectives have been set out by the President way back in a speech to a joint session of Congress in 1983. They are reaffirmed and developed in the Kissinger commission report.

What are we for? We're for peace; we're for freedom; we're for the rule of law; we're for economic development. We have major efforts and lots of resources being put into those things, and we are in the process of succeeding, particularly in El Salvador, Honduras, Guatemala, to add to the basically good picture in Costa Rica.

The odd man out is Nicaragua. It's the rotten apple in the barrel. Somehow or other Nicaragua has got to be

brought into this fold, and that's a problem. We want to somehow, through some combination of pressure that's generated internally to Nicaragua and the obvious opportunities they're missing, to get them in the fold.

You know, the situation in Nicaragua is really lousy, both from the standpoint of suppression, repression, and from the standpoint of the absolutely terrible situation in their economy. So they are under intense pressure, but we want to bring them into this fold of peace, democracy, freedom, the rule of law, and economic development.

Q. Some people might think your description of the Central American situation is a little rosy in that the right looks like it's coming back in Salvador, President Duarte's deathly you've completely had a flop in Panama it looks like so far, the *contras* now seem to be a spent force. Aren't you a little concerned about the general drift there?

A. I don't want to say that there are no problems. If there were no problems, we wouldn't be struggling as we are. What I am saying, though, is I think it's time to reinject, in as strong a way as I can, our basic objectives: the many things we're doing, and the fact that with all of the kinds of problems you allude to, there has been a very strong measure of success.

I might say, insofar as Panama is concerned, it's also kind of an odd man out in a different way from Nicaragua and it's not a good picture from anyone's standpoint—not just ours; all of Latin America. They don't like it that a drug-oriented person is as strong in a country as Noriega is in Panama. He's under a lot of pressure and he knows it.

Q. You and the President are about to leave for the Toronto summit. I gather one of the things you're worried about is terrorism and particularly countries like Algeria which permit terrorist planes—that is to say, hijack planes—to land and then take off from another country. Is this the kind of thing you're going to focus on?

A. Terrorism is one of the subjects that has been given a lot of attention at summits, and the summit meetings at their declarations and the spirit generated from them have helped a lot in what is a basically successful effort against terrorism.

One of the things that I think would help would be implementation of what is basically, I think, a British suggestion that countries all agree that a hijacked plane lands in your territory

will take steps to see that it can't fall off. It's sort of a way of implementing the President's view "no place aside."

Q. On another subject—SDI [Strategic Defense Initiative]. An official, an administration official, said this week the SDI—that is to say, "star wars"—is about to get a lobotomy, that the administration decided to scale way down your SDI hopes. True?

A. The SDI hopes are very strong. The President has reiterated them continuously, including at the Moscow summit. The problem with SDI is that it's one that we have scaled it back; Congress has scaled back the funding. Nevertheless, the objectives of the program are intact, they are right, they are powerful, and they'll be pursued.

Q. You say that the objectives are intact. In fact what this report said is that the Administration is headed away from the space-based shield over a longer period of time and headed toward a slower deployment of a ground-based system, particularly around Washington. Is that true?

A. There haven't been any decisions about that. There has been a lot of talk written about. But as you make progress in the program and as your mind begins to turn beyond the strictly research stage to how you would go about deploying a system, then you see more clearly that you would deploy it in phases. You just don't suddenly start it. So you ask yourself about these phases and the criteria that the phases are to make.

Q. And would the first phase be ground-based interceptors?

A. It's a matter of debate about what the right way to go about the process is, and I think that the subject has kind of surfaced publicly, personally I think in a premature

Q. I just want to see if we can wrap one point in the question about the situation in Nicaragua which Bob [Kai] was talking with you about earlier. You said that you're going to be using this diplomatic effort in your report on the 29th, but there is also this question about U.S. aid. Has, as was reported today in *The Washington Post*, the Administration basically decided that you can't get a lethal military aid package through this Congress?

A. There hasn't been any decision. There's been a lot of discussion about how to maintain support for freedom fighters in Nicaragua—humanitarian support and other kinds of support—

but there hasn't been any decision made about that.

Q. Let me turn, if I can, to the situation involving Manuel Noriega, which is one that you say you'll be bringing up on the political side of this economic summit. Are you going to be asking the other countries to join the United States in imposing economic sanctions against Panama?

A. The subject that we'll want to discuss at the summit—or one of them—has to do with narcotics trafficking and the use and control of this whole drug problem which all of the countries are concerned about. It is clear enough that it is an international problem. We have it, so do others, and so you need to have an international approach to it. So we'll be talking about that. It isn't particularly about him. It's about the narcotics problem.

Q. But, in fact, you're trying to get Noriega out. You say he is one of the major international drug traffickers in this hemisphere. Wouldn't one of the best things [be] to be getting these other countries to join the United States in imposing economic sanctions instead of helping to fund the Noriega regime?

A. He's a problem, but he's not the main problem. He's under great pressure and is very vulnerable, and he knows it. So that's all I have to say about Noriega. The main problem—

Q. You say he's under great pressure. I mean, the sense that all of us have is that he's faced this Administration down and made you look silly. It doesn't seem like he's under any great pressure at all.

A. You just keep saying that, but the facts are a little bit different, and we'll just let them assert themselves.

Q. Do you have a new plan, because, in fact, you were asked this question at a White House briefing this week [and] you said that the Administration does not have a new plan to get Noriega out.

A. No. I didn't say that.

Q. Sir, I mean, I heard you from the podium myself. You said that the Administration does not have a new plan to get Noriega out.

A. We do not have anything going that I care to talk to you about.

Q. How do you respond to this general view that this has been a kind of humiliating fiasco for the United States on your watch, this whole business?

A. I don't particularly like the fact that he's emerged in Panama as a per-

son caught by this Administration having taken part in drug peddling and that he's still there. However, there's a lot of pressure on him. There is no support for him at all other than from Nicaragua and Cuba. And in the end, I think his days are numbered.

Q. You are known, either rightly or wrongly because you've never confirmed it, as one of the prime advocates of using the military option to get Noriega out. You say that you have ideas, but nothing you want to discuss with us.

There are a number of people, including even Richard Nixon on this program, who have said that they felt the military idea would be a disaster, very counterproductive, creating a terrible backlash not only in Panama but throughout Latin America. Aren't they right?

A. I won't confirm or deny any of these so-called stories about my views. I give them to the President.

Q. But do you have anything to say about the wisdom or lack of wisdom of the military option, without telling us what you say in the Oval Office?

A. It's an option, it's there, and it will stay there.

Q. Let's talk about the Soviet Union for a second. Is this SDI—[Secretary of Defense] Carlucci seems to favor a limited system as a first phase. Does that sort of approach offer an option for solving the ABM [Antiballistic Missile] Treaty, SDI issues, and making it—might make it easier to actually have that treaty signed before you leave office? Do you see much hope of reaching that agreement before you leave?

A. There are a number of things on the table in our negotiations with the Soviets on the ABM Treaty issue, and we have made a fair amount of headway. The principal thing that we haven't been able to get a good handle on with them has to do with the activities you can conduct during a period of pledged nonwithdrawal from the ABM Treaty. The principle of a nonwithdrawal period is agreed, and to a degree people understand what you would do, but there are some problems there that need to be wrestled with. I don't think this particular, as I said, premature discussion of how you would go about what are the right phasings for possible deployment particularly helps us one way or another on that.

Q. You've been following Governor Dukakis' foreign policy statements to some degree. He gave a speech just this past week on NATO. What do you think about him?

A. I didn't read that speech carefully, so I don't want to comment on it.

Q. He talks about doing away with some of the bargaining chips that you folks are using in this Administration.

A. He did say that he supported what we were doing to bring about a START [strategic arms reduction talks] treaty, but it also seemed as though he threw away some of the things that were part of the bargaining. So you know when you're bargaining for something, you'll get all the cards you can into your hands and you play them pretty carefully; and before you put one down, you want to get one from the other side. That's what bargaining is. You can't sell it if you give it away, and I hope he will come to realize that.

Q. Speaking of bargaining, you're going to be in Toronto and you're going to be asking the allies to come up with some money for the Philippines and for the Afghan resistance. Regarding the Philippines, you had a very tough statement this week about possibly pulling American bases out of the Philippines. Do you want to explain that?

A. The Philippines keep talking about prohibiting, in effect, ship visits as New Zealand has done; and, if they do take that policy, then there's no place for our Navy in the Philippines.

Q. Doesn't that undercut your position that they should be getting aid right now?

A. No. I think the Philippines is an important democratic country, and we want to support the emergence of democracy and freedom and the rule of law in the Philippines, as elsewhere. At the same time, we do have important bases there, but they need to be bases in the spirit of friends and allies. They are there because they want them there as well as because we want them there.

I hope, incidentally, that we will be able to work these problems out. But the United States does have alternates, and it's interesting that countries that don't have bases or don't have ships coming or getting repaired and so forth, say, "Look we're open for business. We like to do that business." And it's important to the Philippines, I might say.

Q. I'm going to go back to Central America just one moment. A lot of people say that's the greatest area of disappointment to this Administration—the greatest disaster. Do you agree with that, in fact? Is that your greatest disappointment?

A. I think that the President's foreign policy around the world is in excellent shape. It's made tremendous headway, and it's in good shape.

Q. What are you most disappointed about?

A. The area that is the most troublesome is Central America, in spite of the fact that we've made great strides there, as I said in response to an earlier question. The fact that we still have this bad rotten apple in the barrel in the form of Nicaragua—the Panama

problem is a little different—is an annoying problem. And I agree with you; it's the thing that troubles me the most.

Other than with respect to Nicaragua, we're in very good shape, and I might say there is broad bipartisan support for the general thrust of American foreign policy. People shouldn't forget that.

¹Press release 117 of June 20, 1988. ■

The Potential Impact of Imposing Sanctions Against South Africa

by John C. Whitehead

*Statement before the Senate Foreign Relations Committee on June 22, 1988.
Mr. Whitehead is Deputy Secretary of State.¹*

Thank you for this opportunity to present the Administration's views on Senate Bill 2378, the amendments to the Comprehensive Anti-Apartheid Act of 1986. If enacted, this legislation could have important consequences for the future of American diplomacy in South Africa and in the southern Africa region. For reasons I hope to make clear in my testimony, the Administration strongly opposes Senate Bill 2378. American interests are not served by legislation which requires that we experiment in the economic destabilization of South Africa without genuine prospects of contributing to the solution of that country's problems.

Despite our strong objections to this bill, we are quick to recognize the feelings which motivated it. South Africa's apartheid system is repugnant to all Americans. While many governments tolerate or even surreptitiously encourage discrimination on the basis of ethnicity, only in South Africa is racial discrimination a civic duty and the failure to practice it a punishable offense. Among nations which profess to identify with Western, democratic values, only South Africa classifies individuals, herds them into groups, and strips them of their individual political rights according to racial and ethnic criteria. This monstrous injustice affronts us all and cries out for redress.

Our aversion deepens when we are confronted by the stubborn resistance of the South African Government to appeals for peaceful change. Successive

generations of black activists—during the defiance campaigns of the early 1950s and early 1960s, during the Soweto uprising of the 1970s, and in the latest wave of township protest from 1984 to 1986—have been shattered by progressively harsher and more sophisticated forms of official repression. Despite repeated, worldwide censure and the imposition of severe sanctions—some of them dating back more than 20 years—South Africa's governing elite remains steadfast in its determination to retain its monopoly on political power.

Injustice and inequality are entrenched in South Africa, but not all the trends are negative. Over the past 10 years, the nature of apartheid has changed markedly. Numerous petty apartheid provisions have fallen by the wayside, the Pass Laws have been scrapped, central business districts have been opened to blacks, and black labor unions have been legalized and have made impressive organizational strides. These changes testify to a growing awareness among many South African whites that apartheid in its purest sense is impractical and uneconomic, if not actually immoral. Consistent with this trend is the finding of the Dutch Reformed Church 2 years ago that no scriptural justification exists for the practice of apartheid. Another institutional pillar of the Afrikaner establishment, the *Broederbond*, also broke with apartheid orthodoxy at that time. Regrettably, this willingness to dispense with some forms of racial discrimination has not yet developed into a consensus in favor of addressing the truly critical issue confronting South Africa, which is the issue of permitting all South Africans

to participate in deciding how and by whom they are governed.

A clear and dispassionate analysis of the crisis gripping South Africa is required if the United States hopes to play a constructive role there. Our interests demand that we avoid the pitfalls of desperate activism on the one hand and resignation and disengagement on the other. We must accept that the transition to a nonracial democracy in South Africa will inevitably take longer than all of us would like. We must also understand that South Africans themselves, black and white, will be the agents of their own liberation, with outsiders, including the United States, playing only a secondary role at best.

Above all, we need to acknowledge the such limited influence as we currently possess derives from our continuing presence on the ground in South Africa. A progressive U.S. business presence, an official aid program reaching out to tens of thousands of black South Africans, our persistence in urging South Africans to confront the imperatives of dialogue and compromise and to consider what they are for as well as what they are against—these are the most important assets we have for challenging apartheid. We can condemn, censure, and sanction—as this legislation requires—and hope against hope; and experience that we can achieve some beneficial result. Or we can take a longer view which refuses to disengage, preserves our lines of communication, our contacts, and our limited resources within South Africa and positions the United States to intervene effectively at the moment when our limited leverage can accomplish the most good.

The Fallacy of Sanctions

Five years ago, at the height of the violent unrest in black townships across South Africa, it was fashionable to argue that apartheid had entered its final crisis. Activists in South Africa, exiled black leaders, and many observers in Europe and the United States predicted that only a final push was needed to topple the system. Comprehensive and mandatory international sanctions were thought by some to be precisely the push required.

These prognostications were obviously wide of the mark. Few persons familiar with existing power relationships in South Africa seriously believe that a rapid resolution of the crisis is possible—with or without sanctions pressure. Surely it was unrealistic to expect the South African Government

to respond to our pressure by ending the state of emergency, releasing political detainees, or meeting any of the other conditions for lifting sanctions outlined in the Comprehensive Anti-Apartheid Act. Not surprisingly, the South African Government refused categorically to meet these demands.

Presumably in recognition of these factors, Congress has modified its expectations. In reporting out House Resolution 1580, the House Foreign Affairs Committee describes sanctions as "part of a medium- to long-term approach designed to maximize both internal and external pressure on the apartheid regime." The House report further notes that to ensure their effectiveness, sanctions must be multilateralized; that U.S. pressure alone will be insufficient to accelerate the pace of change in South Africa.

It should be clearly understood that the Administration has consulted intensively with South Africa's main trading partners, all of whom are major allies of the United States. For the most part, these governments are strongly disinclined to either follow an American lead or act unilaterally in adopting further punitive sanctions. Our allies either reject or are highly skeptical of the premise that by destabilizing the South African economy the West can somehow engineer a relatively peaceful transition to democratic rule in South Africa. Moreover, these governments judge—as does the Administration—that international sanctions cannot be effectively enforced without recourse to military measures.

As some of you may be aware, we have received in the past 2 weeks separate, official communications from the European Community and the British Government informing us of their deep concerns over extraterritorial provisions in this bill. Passage of S. 2378, particularly the secondary boycott features, could lead to GATT [General Agreement on Tariffs and Trade] disputes with our major trading partners and undermine the U.S. negotiating position in the current round of GATT talks.

We should not, therefore, delude ourselves into thinking that it is possible to internationalize sanctions under American leadership. Our allies will resist this approach, at least until such time as we can demonstrate convincingly that cutting trade links, selling off assets, and relinquishing contacts across the board in South Africa will result in something other than a costly, symbolic protest.

The central fallacy of the sanctions approach is not simply that it isn't feasible. Rather, the problem lies with a fundamental misreading of South African political and economic realities and with the acceptance of a false correlation between economic pain and positive social change. Simply put, sanctions are the wrong tool brought to the wrong job.

Sanctions are the wrong tool because South Africa has the resources to resist an economic siege and has been preparing for such a contingency for many years. Although heavily dependent on international trade, South Africa has domestic deposits of virtually every key raw material input needed for an industrial economy with the major exceptions of crude oil and bauxite. The South African Government and private sector have spent billions of dollars stockpiling strategic imports, ranging from crude oil and bauxite to computer and aircraft parts. These stockpiles would provide a cushion against shortages until alternative sources of supply could be found or import substitution projects completed.

Based on previous experiences with international embargoes against South Africa, we believe that direct controls on shipments to South Africa would probably not prevent South African importers from obtaining the foreign supplies that they need. One possible exception would be certain high-technology goods, for which adequate enforcement mechanisms already exist.

With regard to South African exports, 65% of export earnings are made up of low-bulk, high-value items such as gold, diamonds, and strategic minerals. Most economists believe that an effective boycott of these commodities would be difficult or impossible to enforce. The remaining 35%, mainly steel and manufactured products, would be more vulnerable to a general boycott. Even here, however, a boycott would not be airtight. For example, in the past 2 years, sanctions have closed 80% of South Africa's traditional export market for steel, yet South African steel exports were only down by about 2.9% through October of last year. Given South Africa's proven capacity for trade realignment and diversion and its still untested capacity for full-scale sanctions-busting, we estimate that even reasonably well-enforced, comprehensive UN sanctions would cut total export receipts by something less than 25%.

The net result of a total trade embargo on South Africa would almost certainly be far less dramatic than pro-

ponents of the sanctions approach believe. The impact is likely to be a moderate recession over the medium term, comparable to the 1982-86 period in South Africa. Over the longer term, constraints on growth and a decline in competitiveness could push South Africa deeper into recession.

But, whatever their economic consequences, what counts is the political impact of sanctions. As one leading South African Marxist theoretician recently noted in a reversal of his previous position, the criterion for sanctions should be the question of whether they consolidate the position of the black worker and black organizations. He concludes that sanctions don't meet that criterion. As I will point out, sanctions are far more likely to produce perverse results: mild discomfort, at most, for white elites, but a risk of severe economic dislocation for the black work force.

The Economic Costs to the United States

Sanctions are not cost free for the United States; S. 2738 will require U.S. business to find new markets, assuming they are available, for over \$1.2 billion in annual exports of mostly manufactured and high-technology goods. The forced liquidation of over \$1 billion in direct U.S. investment will change little in South Africa except to consolidate the position of local business interests acquiring these assets at well below market value. It is reasonable to expect that at least some U.S. companies will challenge the constitutionality of this provision on the grounds that it results in the confiscation of assets without fair compensation.

While the precise impact of sanctions on the U.S. economy is hard to measure, some industries will be more seriously affected than others. Studies indicate that the U.S. coal industry has already lost an estimated \$250 million over the past 3 years. A sizable portion of the loss is due to market distortions caused by existing U.S. sanctions against South Africa. Foreign customers of U.S. Government enriching services who use South African uranium provide approximately \$350 million a year in revenues. Some of these customers will take their enrichment business to Europe and the Soviet Union if the United States cannot process their material.

These estimates do not include the potential cost of South African counter-sanctions. Even a temporary disruption of strategic mineral exports to the

United States would have serious repercussions over a broad range of U.S. industries.

According to the U.S. Bureau of Mines, the direct economic costs to this nation resulting from a decision to embargo South African strategic and critical minerals imports are estimated at \$1.85 billion per year. About 94% of these estimated costs are for two platinum-group metals, platinum and rhodium.

Platinum is primarily used in the production of automotive catalytic converters, and about two-thirds of 1986 total domestic industrial consumption was used for this purpose. In 1986, the United States imported 86% of its platinum supplies from South Africa.

Outside the Soviet bloc there are insufficient alternative supply sources to South Africa to meet U.S. platinum metal requirements. In 1986, the total production of countries other than South Africa and the Soviet Union, including domestic primary and secondary production, could only satisfy about 40% of U.S. demand.

Rhodium is a very rare metal absolutely essential for compliance with Clear Air Act auto emissions standards for nitrous oxides. Omitting the Soviet Union and other centrally planned economies, U.S. consumption of rhodium was almost one-half of the Western world total. The primary application of rhodium is in the production of automotive catalytic converters. Over 70% of U.S. consumption (93,000 ounces in 1986) was used in this application in 1986. Rhodium demand is increasing worldwide as emission-control requirements are placed on nitrous oxide emissions and as the control requirements are applied to a larger fleet of vehicles. In 1986, South Africa provided about 53% of Western world supply, the Soviet Union 38%, and secondary recovery 5%. There are insufficient non-South African rhodium supplies to meet U.S. demand.

It should be pointed out that while the South African Government has never threatened the United States with a disruption or a cut-off of strategic minerals supplies, it certainly has this option. Pretoria also has the option of slapping countersanctions on neighboring black states, all of whom are critically dependent on South African trade or transport routes, or both. Passage of this bill would put South Africa's intentions to the test with regard to both the United States and our interests in stable development of the region.

The Political Costs of Sanctions

If sanctions are the wrong tool, they are also being used for the wrong job. Ostensibly aimed at influencing South Africa's key decisionmakers, sanctions miss this target altogether while hitting everyone else, causing collateral damage in precisely those sectors of South African society which are pushing hardest for fundamental, peaceful change.

If comprehensive, international sanctions against South Africa are extended, we should anticipate that the main losers will be South African blacks. They will be the first to suffer the effects of a prolonged recession in terms of lost opportunities; lost jobs and decreased government spending on black housing, black education, and services provided to black township. This is an unintended and possibly tragic economic implication of the sanctions approach.

At the same time, the forced withdrawal of U.S. corporations from South Africa will end funding and logistic support for a wide range of programs designed to promote black economic empowerment, foster black self-reliance, and build professional and leadership skills. U.S. and other Western corporations play an important part in helping to sustain an estimated 2,000 such programs which exist at the grassroots level. In the face of mounting restrictions on most forms of opposition political activity, these programs provide a vital organizational network and fall-back position for blacks working to build the power bases necessary for challenging the government.

In less direct fashion we stand to lose other opportunities to deflect repressive measures directed at blacks. The threat of a total economic embargo on South Africa becomes reality, the South African Government will have even fewer reasons to heed outside advice on what it regards as its internal political affairs. Although our stance with the South African Government declined sharply following passage of Comprehensive Anti-Apartheid Act of 1986, we retained enough influence to argue persuasively in favor of a stay of execution for the Sharpeville Six. (black South Africans convicted for murder committed during a protest demonstration. The United States joined several other governments in appealing for clemency for the six.) We have also successfully tried to postpone and, hopefully, to

pending legislation which could cut all foreign funding to groups whose activities the government broadly defines as "political." These are small but significant achievements. We cannot realistically expect to repeat them if we continue down the road toward punitive trade embargoes and a severance of ties with South African officialdom.

I cannot accept the argument that inflicting additional economic hardship and political frustration on South African blacks we create the conditions necessary for a successful challenge to the apartheid system. Nor is it reasonable to think that sanctions will have a normalizing effect on white elites, thereby rendering them more vulnerable to pressures for fundamental change. Under any conceivable sanctions scenario, the South African Government will assign top priority to protecting white jobs and to ensuring that the police and military are funded at levels sufficient to avoid any decline in their abilities. The suppression of new outbreaks of black unrest is a foregone conclusion. To suppose that outside powers can rearrange government priorities through economic quarantines or reduced contact with South Africa is to misread tragically the staying power of the Afrikaner minority and its determination to put its security ahead of all other interests, including the interests of South Africa as a whole.

South African blacks will be the primary, but not the only, victims of an international sanctions campaign against South Africa. Other victims will be those South African whites who most closely identify with American democratic ideals and who support black aspirations for a more just society. Leaders such as Frederik van Zyl, Albert, Wynand Malan, Helen Suzman, and Denis Worrall staunchly oppose an economic and diplomatic quarantine of South Africa. As they struggle to build bridges across South Africa's racial divide, they need the support that a strong U.S. presence, official and unofficial, provides. They have seen sanctions contribute to a siege mentality among whites which the ruling National Party has successfully fostered and exploited by converting it to its ranks thousands of relatively moderate, English-speaking voters over the past 2 years. They have also witnessed a steady erosion over the past year of fundamental civil liberties even in the hitherto protected sphere of white politics. The same noose which has been used to strangle black dissent

is now coiled expectantly around the white, reformist opposition. By dissociating ourselves from South Africa, we simply make it easier and less costly for authorities to pull that noose tighter.

By the same token, ultraconservative factions in South Africa are increasingly drawn to the prospect of cutting trade links, ending the U.S. business presence in South Africa, and limiting contact with the West. From their standpoint, a strong American presence is an unwelcome restraint on South Africa's internal and external policy options. Conservatives resent what they regard as American meddling in South Africa's internal affairs, including our financial and moral support to anti-apartheid groups, and our persistence in seeking ways to dismantle racial barriers and promote dialogue. They also resent American films and television programs, our music, journalism, and popular culture because of their supposedly subversive influence on a younger generation of Afrikaners. South Africa's UN representative was speaking to this constituency when, in responding a few months ago to harsh criticism of South Africa in the General Assembly, he invited the international community to "do its damndest" to Pretoria. He could have as well added: "and close the door behind you." Neither hardliners in the National Party, nor the growing conservative opposition, nor the more militant organizations even further to the right will mourn the absence of Americans from South Africa.

Sanctions and the Black Opposition

Claims that the overwhelming majority of South African blacks support sanctions cannot be substantiated. Certainly, respected black leaders of community, labor, church, and student organizations, as well as the ANC [African National Congress] and PAC [Pan-African Congress] in exile, continue to call publicly for further punitive measures against Pretoria. Some, like Archbishop Desmond Tutu, believe that sanctions are the only alternative to uncontrollable violence. Leaders of the front-line states have also, in past years at least, been outspoken in calling for U.S. and Western sanctions against South Africa.

Yet there are signs that over the past 2 years a serious rethinking of the sanctions strategy has taken place. Some mass organizations, such as conservative black churches and Chief Buthelezi's Inkatha movement, which

claims to represent more than 6 million Zulus, have always been opposed to international sanctions. Other organizations, such as the National African Federated Chamber of Commerce, which represents most major black business interests, officially subscribe to sanctions while leaving individual members ample room to express doubts. Even within the staunchly pro-sanctions COSATU [Congress of South African Trade Unions], debate simmers over the wisdom of promoting international embargoes.

While it would be wrong to infer that black opposition leaders are simply out of touch with their rank and file, debate over the effectiveness of sanctions is unquestionably livelier now than ever before. This new mood is captured in Soweto playwright Gibson Kente's popular drama *Sekunjalo*, which depicts comrades destroying a township by intimidating, burning, and boycotting. It ends with a declaration of hatred for Afrikaner rule and a dance routine in which the actors sing "Who's gonna plant that cane? Who's gonna drive that train? Who's gonna fly that plane?" Kente's actors recount the events of the 1850s when the Xhosa nation killed its cattle and burned its grain in the faith that the dead would rise and the Russians would come to drive the British into the sea. The actors compare those times with the current calls for sanctions and bemoan the self-destructive tradition of black South African resistance to white rule.

The Marxist intellectual and leader of the black consciousness-based National Forum, Neville Alexander (hardly an apologist for apartheid), makes the same argument from a different perspective. He wrote recently that "I believe . . . that the insistence on total sanctions is senseless—as senseless as an unqualified academic boycott and unlimited school boycotts—which amount to suicide if you do not have real power, and if the government is not yet so weak that such pressure can bring it to its knees."

Across South Africa's borders, reassessments of the effects of sanctions and possible South African counter-sanctions on the economies of the front-line states are also underway. As a result, front-line leaders have modified their rhetoric, moved serious discussions of sanctions to the margins of international meetings and abandoned plans to apply sanctions of their own. Trade between South Africa and most neighboring states has actually increased over the past year.

These observations are not meant to suggest that black South Africans have come to terms with white domination or that South Africa's black-ruled neighbors have accepted the status of satellites to the region's economic superpower. What has occurred, I believe, is that sanctions have been reevaluated, and strong misgivings have developed about both their high costs and effectiveness.

Keeping Open U.S. Options

I alluded earlier to the combination of outrage and impatience with which many Americans react to the situation in South Africa. But neither we nor South Africans can afford U.S. policies motivated primarily by passion. There exists a broad American consensus on what is wrong in South Africa and on the steps South Africa and its citizens must take to correct these wrongs. This consensus could provide the basis for a realistic, workable, and nonpartisan approach to the South African crisis.

Any sound American policy toward South Africa must take into account at least two fundamental constraints. First, we must accept that South Africa's crisis is an enduring one. There are no quick solutions. Resorting to drastic remedies—such as the misuse of American power to destabilize the South African economy—only increases chances of a catastrophic outcome for all South Africans. Second, we must also accept that our leverage is limited. South Africa can survive—even thrive—without trade or contact with Americans. Our mission should be one of using all available means to maximize our influence and leverage. This can't be achieved through a policy of economic and diplomatic dissociation from the problem.

Operating from these premises, the Administration has constructed an approach which emphasizes both the protection of enduring U.S. interests in South Africa and the promotion of rapid, fundamental change in that society. This approach has a number of key elements.

- The Administration has undertaken strenuous efforts to keep open all our lines of communication, to expand contacts across the racial and political spectrum, and to open up opportunities for the kinds of negotiations which are South Africa's only alternative to a slow descent into civil war. Over the past 8 years, all groups in South Africa, including the full range of opposition

movement leaders, have had access to the highest levels of our government. We continue to make it clear to the South African Government that we believe it has a special responsibility to create the necessary conditions in which negotiations with credible opponents can take place.

- Expanding our assistance to apartheid's victims is a top priority. South Africa's struggling black communities need our financial support, our technical and professional training, and our help in developing organizational and leadership skills. These are the building blocks from which the disadvantaged majority will construct a more just and more democratic future for South Africa. To the extent that numbers of blacks already possess the knowledge and the skills, and hence the economic power, that a modern industrial state requires, they have greatly strengthened their bargaining position vis-a-vis South Africa's governing elite. We must work to develop further this leverage and to help turn it to political advantage. This is the central thrust of our official aid program to South Africa. Obviously, sanctions-induced unemployment, a turn by South Africa toward autarky and tighter state control of the economy, and a reduced American presence in South Africa would all work against this effort.

- In dealing with South Africa, we must continue to put a strong emphasis on the regional context. Turmoil in South Africa continues to spread outward in shock waves which threaten the economic and political stability of neighboring states. Our regional diplomacy is committed to reducing these states' economic vulnerabilities and to easing misunderstandings and tensions in their dealings with South Africa.

- In this regard, negotiations currently underway to secure Namibian independence and the withdrawal of all foreign troops from both Namibia and Angola assume special importance. A negotiated solution would be a signal achievement for American diplomacy and would win widespread approval throughout Africa. Progress has been made which even sympathetic observers would have said a short time ago was impossible. We have laid down the conceptual basis for a settlement and brought all parties to the realization that Namibian independence, the removal of foreign armies from Angola, and the resolution of Angola's internal conflict are interrelated problems. None of these problems can be solved in isolation from the others.

Our mediation continues, and it is important that Congress not undercut this effort by ordering drastic change in our bilateral relationship with one of the negotiating parties. While it may be in South Africa's best interests to achieve a negotiated settlement in Angola and Namibia, Pretoria could well decide that a harsh, diplomatic rejoinder to expressions of U.S. hostility is a higher immediate priority.

As a final note, I would like to point out that in a few months' time new U.S. administration will enter office and will no doubt undertake a review of U.S. policy toward South Africa and the region. It would be wrong for Congress to commit the United States in the final days of this Administration to the extreme measures contemplated in S. 2378. To do so will deny the new administration the option of continuing U.S. policy while at the same time seriously restricting its choices before it has even entered office.

The South African dilemma will with us for some time to come. The only reasonable course Americans can adopt is one which ensures that we maintain as many diplomatic tools and channels of influence as possible in the search for ways to remain relevant involved in finding a solution. Regrettably, S. 2378 takes us in precisely the opposite direction.

¹The complete transcript of the hearing will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Review of Events in Ethiopia

Following are statements by Chester Crocker, Assistant Secretary for African Affairs; Richard Williamson, Assistant Secretary for International Organization Affairs; and Charles Gladson, Assistant Administrator, Bureau for Africa, Agency for International Development.

APRIL 21, 1988

Joint statement by Assistant Secretaries Crocker and Williamson and Assistant Administrator Gladson before the Subcommittees on Africa and on

Human Rights and International Organizations of the House Committee on Foreign Affairs.¹

we welcome the opportunity to meet with the subcommittees today to review the status of events in Ethiopia arising from expanded civil war in the north and its impact on international relief activities. Let us note from the outset that this has been a rapidly evolving scene. We have moved quickly on many levels: diplomatic, and political fronts because of the seriousness of the threat to starving people and of the need to find quick solutions. We were pleased with the mission to Ethiopia by UN Under Secretary General Ahtisaari and will be reviewing matters with the United Nations later this week. I wish I could be optimistic, but overall the relief situation remains very troublesome and our prognosis is not encouraging.

As the committee is well aware, the roots of the problem lie not so much in weather as in war and poor agricultural policies. The internal politics of northern Ethiopia have festered for decades with various groups spouting a plethora of largely Marxist ideologies. In the past 10 years, however, when the Mengistu regime opted for confrontation rather than accommodation with northern dissidents, the stage became increasingly set for the major warfare that now afflicts the area. During this period, rebel armies in Eritrea coalesced under the leadership of the Eritrean People's Liberation Front (EPLF), which seeks a separate and independent Eritrea.

The government's military preparation in Eritrea permitted the growth of another distinct political/military movement in neighboring Tigray. This hard-line Marxist organization, the Eritrean People's Liberation Front (EPLF), has also expanded its military capabilities and wages classic guerrilla warfare ambushing and interdicting government movements throughout the province.

Current Military Situation

As a result of rebel successes and the ineffective performance of the Ethiopian Army in its last encounter, the military situation in northern Ethiopia is the most precarious in years. Since late February, climaxing with loss of Assef to EPLF surprise attack on March 20, the Ethiopian Army has lost high ground, including garrison towns which it apparently intentionally aban-

doned. Government forces have withdrawn into a defensive perimeter centered on Massawa/Asmara/Keren in Eritrea and Mekele in Tigray. Positions there have been reinforced, and the government is actively rebuilding the manpower and material of the northern armies.

This buildup portends a major counteroffensive. Whenever that occurs and irrespective of whether it is successful, such fighting would likely come at high cost in lives, civilian as well as military. But even another major battle may not be definitive. This war has lasted 27 years, at times punctuated by bitter fighting and ebb and flow of territorial control. As in the past, it is possible, perhaps even probable, that no party will be able dramatically to alter the military balance in the near future. In that case, and in the absence of political solutions, the existing stalemate will likely continue, albeit at a higher level of mobilization and readiness.

This impasse dramatically underlines the fact that only political solutions really offer the possibility for peace. In the absence of peace, war will continue, relief operations will be constrained, and famine will mount. Thousands if not hundreds of thousands or even millions of people may die. Sadly, no party to conflict in northern Ethiopia appears ready to negotiate or even to consider settlement on other than its harshest terms, i.e., total victory. How many more must die before belligerents recognize that peace rather than conquest is the path to reconciliation?

We note that in addition to pursuing internal military solutions, President Mengistu has taken certain diplomatic steps designed to reduce his evident vulnerabilities and to undercut support for his opponents or to lessen external pressures. In late March, Ethiopia accepted with alacrity 2-year-old Somali propositions which would reduce border tensions between these traditional foes. Implementation of such measures will release Ethiopian troops from the frontier for service on the northern front, but the Somalia-Ethiopia accord will also deal directly with nagging issues such as exchange of POWs [prisoners of war] from the 1977 war and a halt to insurgent activities that have long retarded peace in the region. Similarly, there are indications that Ethiopia, after several years of deliberate destabilization of Sudan, might look for an accommodation with Sudan, in effect proposing a mutual halt to support for insurgents. Realization of this idea is problematical,

however, because the issues are intractable and the parallels between the civil wars in these two countries are far from exact. The importance of the two developments, nonetheless, is that they represent Mengistu's near admission that Ethiopia has been responsible for mischief in the region.

This latest cycle of war in the north is an impediment to consolidation of President Mengistu's rule and the transformation of Ethiopia into a Soviet-style people's democratic republic. Although it is now more tenuous than before, Mengistu's position is not apparently threatened by these developments. His control of the internal security apparatus and the military command structure does not appear, from available evidence, to be under challenge. There is growing discontent on the part of the population that must forego economic progress and provide sons for the army as well as taxes for the war, but this is unlikely to erupt into popular antigovernment action.

U.S. Policy Toward Ethiopia

American relations with the Ethiopian Government remain cool, as they have for more than a decade. We have indicated to Ethiopian leaders our willingness to meet and discuss the many issues which divide us, but they have consistently turned away from serious talk. We have very little direct leverage with the Ethiopian Government and its leaders. Our longstanding policy, valid throughout Africa, supports the territorial integrity of each nation, including Ethiopia. We have never provided equipment or other support to any of the separatist groups active in Ethiopia.

Our chief involvement with Ethiopia at present, as in 1985-86, centers on providing humanitarian relief so that victims of famine do not starve. We have purposely pursued relief operations in concert with other donors through private voluntary organizations, the United Nations, and international organizations such as the Red Cross in order to keep the humanitarian agenda in Ethiopia separate from the political one.

Without hesitation we have done our utmost to ensure that hungry children are fed and that their parents receive the sustenance necessary to remain in their homes and on their farms so they can plant again when the rains return. The U.S. Government mobilized large amounts of its own resources. We also catalyzed other gov-

ernments into prompt action. We repeatedly found warm and widespread congressional and public support for food for Ethiopia. American private voluntary organizations, which are the backbone of humanitarian efforts around the globe, again came through with effective, efficient, and compassionate operations. Always at sacrifice of personal comfort and, indeed, in the face of some personal risk, relief workers on the ground struggle daily against the odds of nature. All Americans can be proud of our country's response.

Humanitarian Operations

Given the solid early start last summer and cooperation from all concerned, relief operations progressed satisfactorily through the fall and into the new year. Up until February 1988, food flowed into drought-stricken areas through a relatively efficient mechanism consisting of donors, the government's Relief and Rehabilitation Commission (RRC), PVOs, NGOs [private voluntary organizations, nongovernmental organizations], and the United Nations. People were being fed, and we were encouraged that, by slowly increasing food deliveries as new transport became available, we would be able to stay ahead of the problem, that camps would be avoided, and that hungry people would live.

Two of the three major constraints—food availability and transport—appeared to be solved, but the third constraint—insecurity—was the unknown factor. Clearly, it was the imponderable in the north upon which success or failure turned. Sporadic rebel attacks against trucks crippled the fleet and were a strong psychological deterrent to fleet movements. Additionally, government forces began closing roads more frequently, particularly in Tigray where donors met less than half of delivery goals in February. Stocks held in provincial towns and rural feeding centers dwindled and resupply dramatically diminished. Rebel forays in Tigray hampered movements, but the true turning point was the military setback suffered by the army at Afabet, Eritrea, on March 19.

Following that, the government clamped down hard to ensure its control, resulting in a virtual halt of relief food movement. The military commanded government food trucks and fuel. Relief aircraft were barred from the north and port priorities assigned

to military shipments. By April 6, relief operations were pretty well stalled throughout the rural north, except for sporadic airlift into Mekele from the south and some residual distribution from local stocks. Nonetheless, donors were prepared to resume active operations whenever security circumstances permitted. The government's April 6 expulsion order came as a surprise, but it was quickly enforced; and by April 13, all expatriates had left the northern provinces. Food stocks and assets were either left in custody of local employees or locked up.

Current Relief Situation

Overall the donor community estimated that some 5-7 million persons were at risk and that half of those were resident in Eritrea and Tigray. The rough relief plan was to move 100,000 tons of food a month from the ports to the people; 50,000 tons to the north and 50,000 tons to the south. Although we failed to achieve this ambitious goal, we did move a substantial amount, about 34,000 tons into the north last December and another 30,000 tons in January. About 31,000 tons were moved in February, but only 23,000 tons in March and a projected 10,000 tons in April. Total deliveries in the south are more difficult to calculate given the larger number of organizations involved, but we estimate that approximately 30,000-40,000 tons are being delivered monthly. Fortunately, operations in the south have not been affected by security constraints similar to those in the north and operations there continue to be successful.

Since April 8, virtually all food operations in Eritrea and northern Tigray ceased, with the notable exception of distributions by the Ethiopian Catholic Church through its joint distribution program (JRP). In Eritrea about 23 of 36 centers remain open. Maybe as many as 500,000 beneficiaries are being reached by JRP in Eritrea including some transfers from ICRC [International Committee of the Red Cross] centers. All centers in Tigray except three or four in Mekele are closed. In Mekele about 140,000 people are being fed.

Feeding centers along the main road west of Keren to the Sudanese border in Eritrea and beginning before Adigrat south of Asmara into Tigray are closed. Some food continues to reach Maychew, Tigray, by road from the south. Targeted beneficiaries in that area total 117,000.

Roughly speaking, feeding efforts in the north were divided into thirds—one-third to the RRC, another to the United Nations, and the final third to the PVOs and NGOs. The RRC operated mainly in the cities and towns. The United Nations assured transport and provided some distribution in outlying towns and nascent camps, but the PVOs and NGOs distributed in rural areas.

Actions to Date

Faced with this impasse and fearing that 2 million intended recipients could not be reached with food, the United States undertook a range of diplomatic contacts designed to achieve a change of Ethiopia's decision and resumption of feeding efforts.

Because we have consistently followed the UN lead on famine matter in Ethiopia, we looked foremost to the UN representative in Addis Ababa, Michael Priestley, to dissuade the government. We also urged, then gave full support to, the undertaking of Secretary General Perez de Cuellar to his top troubleshooter, Under Secretary Martti Ahtisaari, to Ethiopia to pursue solutions to the crisis. We plan to consult with the Secretary General and Mr. Ahtisaari later this week to see what next steps might be appropriate.

We criticized the Ethiopian Government, protested its recent decisions, noted the catastrophe which will be 2 million people if the situation is unchanged, and encouraged reconsideration. We approached other donor governments to seek common approach to protest Ethiopian actions. We found fullest sympathy and support for the position that resumed international relief efforts were essential to avoid greater tragedy. Many allied governments subsequently approached Ethiopia bilaterally, issued statements, worked multilaterally through the European Economic Community to press these points. Essentially, we have called for reversal of the decision to exclude international agencies from the north. The Department of State's spokesman read a statement April publicly expressing dismay with developments in Ethiopia. That was followed by a briefing from AID [Agency for International Development] Administrator Woods on relief operation specifics.

As you know, Secretary Shultz raised Ethiopian issues with Soviet Foreign Minister Shevardnadze in Geneva last week. We have also intensified our working and senior-level discussions on Ethiopia with representatives of

et Union. The immediate and top priority focus of these exchanges is on the urgency of resolving immediate humanitarian relief problems. We welcomed the Soviet pledge of 250,000 tons of food for famine relief in Ethiopia. In provision of such assistance does, indeed, for the first time, make the Soviet Union an interested party in ending resumption of viable relief operations in the north. As Ethiopia's political ally and chief military supplier, the U.S.S.R. clearly has interests which give it unmatched influence with Ethiopian leaders. We have urged the Soviet Union to use such influence in a constructive fashion for the benefit of starving people. At the same time, we believe that humanitarian crisis will be a recurrent phenomenon as long as Ethiopia is wedded to military options and failed economic policies. The need for political compromise and negotiation to end 27 years of war has never been more apparent. We believe the Soviets have a responsibility to put their shoulder to the wheel on behalf of peace in the Horn just as we have done.

Net Moves

Over the next few days, we intend to explore opportunities with the United Nations and other donors regarding the possibilities for including PVO operations under a wider UN umbrella in the future. We still need to learn exactly what arrangements have been worked

- We remain convinced that full resumption of PVO activities is the most sane and practical course of action.
- We intend to continue to coordinate and share information with like-minded allied governments.
- We intend to keep the spotlight on public opinion on the Government of Ethiopia. This hearing today is certainly an important part of that process.
- We will be following up with the Soviet Union at senior levels.
- As practical matters, in coordination with WFP [World Food Program] and other donors, we are also looking at rescheduling port deliveries in order to avoid congestion. We are considering chartering airlift into the most seriously affected areas and are prepositioning materials that will be needed in camps inevitably form.

In summary, let me assure you that our leadership and activism will not waver. We strongly feel the mandate of the American people have conferred

upon us to see that starving people are fed. Our humanitarian impulse is strong, and we will persist until solutions are achieved that permit food to flow again to the innocent victims of war and famine in northern Ethiopia.

APRIL 21, 1988

Statement by Assistant Secretary Williamson before the House Subcommittee on Africa and on Human Rights and International Organizations.

Thank you for the opportunity to meet with you today on the subject of Ethiopia. The Congress is to be congratulated for helping put a public spotlight on the needless human tragedy unfolding in eastern Africa.

In the joint statement submitted for the record by the AID and the Bureaus of African and International Organization Affairs at the Department of State, we have expressed our shared concern about the general situation in Ethiopia. Given the specific role of the United Nations, I would like to complement that statement with a brief summary of the work of the UN system—emphasizing three points:

First, international compassion for the starving people of Ethiopia;

Second, the status of UN efforts, encouraged by the United States, to help the Ethiopian people; and

Third, the determination of the Reagan Administration to assure that the United Nations helps avert more death and devastation in Ethiopia.

Famine and human suffering have been the lot of mankind throughout history. The people of Ethiopia have known more than their share, suffering from recurring droughts and famines. The callous and indifferent Government of Ethiopia has allied itself with nature to jeopardize the lives of more than 2 million people.

We will not—indeed, we cannot—sit silent during such a time of shame. Rather, we are more than ever determined to make every effort and to pursue every channel to help the people of Ethiopia through this crisis.

Working within the mandate of my office, I have impressed upon the officials of the United Nations the urgency of the situation and our deep concern and complete commitment to helping the people of Ethiopia through all available means.

I met last week in Geneva with UN Secretary General Perez de Cuellar on

the subject of Ethiopia. He, like us, is extremely concerned. I expressed to him our great anxiety over the possibility that the horrible prospect of millions dying from starvation may result from decisions by the Ethiopian Government to ban international relief agencies from operating in the most seriously affected areas of the country. I stressed that the U.S. Government considered this situation to be a matter of utmost urgency and that we supported his efforts and that of the UN system to ensure that compassion prevails over conflict and blatant disregard for human rights.

In this connection, I expressed our full support for the mission of UN Under Secretary Ahtisaari. This mission, which concluded yesterday, has resulted in a decision by the Ethiopian Government to permit UN representatives to resume relief operations in Tigray and Eritrea. We welcome this news. But we will be watching very closely to assure that the Ethiopian Government adheres to this reported agreement. We note that the Ethiopian Government is continuing its ban on International Red Cross and other private voluntary organizations in northern Ethiopia. Thus, in our view, Ahtisaari's mission has been only partly successful.

We must continue to insist—through the United Nations and with the active involvement of the diplomatic community—that the Ethiopian Government respects its basic responsibilities to its own people. I myself have already talked with a number of representatives of countries able and willing to provide assistance and with other senior officials in the United Nations. I met on April 19 with James Jonah, Assistant Secretary General and Director of the Office of Research and Collection of Information for the United Nations, to emphasize American concerns and, on April 20, I reiterated U.S. determination to help restore international relief to Ethiopia with Joseph Verner Reed, UN Under Secretary for Political and General Assembly Affairs. My colleagues and I plan to follow up with Under Secretary Ahtisaari upon his return from Ethiopia. I have underscored—and will continue to underscore—the seriousness with which we view the situation and our belief that firm resolve on the part of the international community is critical to getting needed relief supplies to the people of Ethiopia. Our U.S. Mission to the United Nations in New York has been instructed to begin planning, on a contingency basis, for seeking further action in UN fora.

I would not want to leave the impression that nothing has been done heretofore. As you know, the UN system took the lead some time ago in coordinating the international effort to confront the emergency in Ethiopia. One of the first steps taken by the UN Secretary General was the designation of a Special Representative in Ethiopia, Michael Priestley, to deal with all aspects of this emergency. Mr. Priestley heads the Emergency Prevention and Preparedness Group (EPPG) which serves as a fulcrum for UN system-wide efforts in the country.

The UN Development Program (UNDP) has augmented the financing and personnel of the group. UNDP has also allocated UN volunteers to work with the Relief and Rehabilitation Commission of the Government of Ethiopia. These young and dedicated professionals, from a number of countries, are providing know-how to expedite receipt, storage, transportation, and distribution of foodstuffs, medical supplies, and other basic necessities. They not only know how to get the job done but also are committed to taking every conceivable step to ensure that the people of Ethiopia get the help they so desperately need.

Another UN approach to the problem has been through the UN Disaster Relief Organization (UNDRP) and the World Food Program (WFP). Together they have led the effort to move huge volumes of food from the ports to the devastated areas in the north of the country. Also, in response to a UNDRP-launched appeal, donors have pledged almost \$10 million to the Emergency Transport Fund to pay for the airlifting of food to remote areas of Tigray and Eritrea. The United Nations has appealed for an additional \$5 million to extend this operation until the end of June. In March, before the latest crisis, EPPG was responsible for airlifting some 11,000 tons of emergency supplies. WFP has a fleet of some 200 trucks, provided by donors, and is purchasing an additional 70 vehicles for use in the north. We are using every available channel to reach the various groups which have attacked these relief convoys in order to end the loss of transport, supplies, and lives. We are also supporting UN efforts to persuade the government to permit convoys to operate freely at their own risk.

The UN Children's Fund (UNICEF) has raised more than \$10 million in response to its appeal of November 1987 for relief to drought-affected women and children. The

UNICEF aid will cover health, supplementary feeding and relief items, water and sanitation needs, and cash for food for drought victims.

The Food and Agriculture Organization's (FAO) Food Information and Early Warning System project was instrumental in bringing the impending drought/famine to the attention of the world last June and July. FAO also has three crop protection projects in Ethiopia addressing the agricultural side of emergency needs, valued at about \$0.5 million. They focus on controlling army worm infestation, tse-tse fly, and desert locusts.

We know that these efforts and those of the rest of the international community cannot compensate for effective action by the Ethiopian Government. Nor may they be sufficient to meet the magnitude of the need.

We thus appreciate all the more this opportunity to highlight the need for all, especially the Government of Ethiopia, to ensure that the people whose lives are at risk get life-sustaining relief. The Government of Ethiopia must adopt policies which are grounded in the recognition that the needs of its people are its foremost concern. I will be working actively with my colleagues from the Department's Bureau of African Affairs and from AID and elsewhere to keep pressure on the UN system. The Government of the United States believes that the United Nations can and must play a critical facilitative role, so that we may deflect what otherwise will be a catastrophe of monumental proportions. The strong outcry of the international community in behalf of the Ethiopian people may make the difference between life and death.

MAY 19, 1988

Statement by Assistant Secretary Williamson before the UN Economic and Social Council in New York City.

The Economic and Social Council (ECOSOC) is second only to the General Assembly in the range of issues it must examine and on which members must have views. Its oversight role has made the ECOSOC into a major international forum for the discussion of the principal themes of our time, those of violence and peace, death and life, suffering and triumph.

The nations represented in this ECOSOC chamber are all signatories of the UN Charter. As such, we have voluntarily assumed a solemn responsibility

to advocate the values and moral principles reflected in the Preamble and in Article 1 of Chapter 1 of the Charter. It is, I firmly believe, our duty to stand up for these values and to call for actions which reflect the moral authority of this great organization. When we see a situation developing which is contrary to these values, we are obligated to speak out. We must never leave ourselves open to the shame of silence.

Today we want to discuss a topic that only infrequently and very briefly comes to life on our televisions and in our newspapers or in debates here and elsewhere. We come before you to discuss a situation about which the world community has only occasionally spoken out, a situation characterized by the deliberate and entirely avoidable suffering of millions of our fellow human beings. The subject is Ethiopia.

In 1986, my country went before the Commission on Human Rights in effort to get that august body to take stand on the situation in Ethiopia. Unfortunately for the people of Ethiopia, politics prevailed and the commission refused to act. And sadly, subsequent events in Ethiopia proved us correct. We will never know how many could have been saved had the commission acted at that time or how many were in fact, saved merely by our raising issue.

Once again, we come before a body of the United Nations to plead for the people of Ethiopia. Once again, a body of the United Nations and its members must face the issue of whether to remain mute and blind in the presence of actions which starve an innocent population. Put bluntly, once again a body of the United Nations must face the issue of whether human lives are more valuable than narrow political interests. We have no doubt about our answer; we have no doubt about what the answer the world community should be. And necessary, we will come again before the summer session of the ECOSOC and other forums of the United Nations to press for that answer.

The United States hopes that the Secretary General and all the governments represented here and through the United Nations will work together to persuade the Ethiopian regime to rebel forces in the north to permit the international relief effort to resume unfettered. In the next few days, the annual summit meeting of the Organization of African Unity (OAU) will take place in Addis Ababa. The Secretary General is due to attend meeting, as are the leaders of many

ments that share our humanitarian concerns. We urge that all who gather in Addis Ababa register this concern.

We call upon the United Nations Security Council members, regardless of ideology or foreign policy, to recognize the tragedy occurring in Ethiopia and to use all available peaceful means to end it. Above all, we hope to use this press conference arena to call upon the Government of Ethiopia to respect the most fundamental rights of its citizens.

Let me stress: my government is motivated by humanitarian concern for the people of Ethiopia. The United States has consistently demonstrated concern for the people of Ethiopia. We are the largest donor of relief assistance to the people of Ethiopia and do not quietly condone obstacles to essential aid.

While we do not have fully reliable information about what is actually happening in Ethiopia—and that uncertainty is itself one of our greatest sources for consternation—we do believe the following.

The famine in Ethiopia, especially in the Provinces of Eritrea and Ogaden, has become extremely serious. Of 3.2 million people at risk, only about 850,000 are now being fed. That contrasts with almost 2 million who were being fed in February of this year. The remainder face a very real prospect of starvation.

War is the principal culprit in denying access to hungry people. Military operations by both sides and changed front lines, compounded by misguided government decisions, have affected delivery systems, the number of people under government control, and the ability of relief organizations to operate.

The decisions of the Ethiopian Government on April 6 effectively blocked international relief efforts in the north, thereby seriously undermining relief operations. Although several UN personnel have been allowed in, much more needs to be done. Any massive undertaking can now proceed at those at risk.

My government deplores this cold-blooded neglect of millions of Ethiopians in pursuit of military objectives in an intractable and unwinnable civil war. Similarly, we condemn the callous decisions, actions, and warfare of the warring forces, which have resulted in anarchy and chaos in the north—which, in turn, have impeded feeding operations. We are not addressing politics but humanitarian decency. It is a profoundly moral

issue. We must speak out against—and try to stop—this horrible affront by all parties to the UN Charter and to civilization itself.

We must bear in mind as well that the apparent willingness by the Ethiopian Government to allow innocent civilians to starve has an impact beyond Ethiopia's borders. It threatens the lives of other Africans and the stability of the entire region. A new bout of starvation in northern Ethiopia could produce anew a mass exodus of refugees seeking food in neighboring countries, particularly in Sudan. We should not forget the enormous burdens placed on the people and Government of Sudan during the famine of 1984-85. Without a resumption of unhindered food deliveries in the north, hundreds of thousands of Ethiopians might have to flee again. Many, many may die in the process.

The great irony is that, due to the bitter lessons learned during the last famine in Ethiopia and in response to the government's impassioned pleas for assistance, the international community, in particular the United Nations, is ready this time, with adequate stocks of food, supplies, and experienced personnel to avert mass starvation in Ethiopia. Yet, that same government which came before the world seeking assistance for its people now refuses to

allow that assistance to reach its people. It cites concern for the security of expatriate relief workers. These concerns are not shared by most of those workers; they are willing to resume their relief efforts regardless of personal risk.

I want to make clear that we take the step of raising this issue here only because other approaches have failed. We have contacted Ethiopian authorities and have been in touch with the regime's allies. And, we have supported strongly the efforts made by the United Nations to clarify and rectify the situation in Ethiopia, in particular during Mr. Ahtisaari's visit last month. Important first steps have been taken, but much more must be done.

This body should not permit yet another sad chapter to be added to the history of our time. We should register—for all to hear and act upon—that we have not forgotten the people of Ethiopia. That is the least, the bare minimum, to which the people of Ethiopia are entitled.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

²USUN press release 50. ■

U.S., Soviet Union Sign Joint Verification Experiment Agreement

Following is the text of the Joint Verification Experiment (JVE) Agreement signed in Moscow by Secretary Shultz and Foreign Minister Shevardnadze on May 31, 1988.¹

Agreement Between the United States of America and the Union of Soviet Socialist Republics on the Conduct of a Joint Verification Experiment

The United States of America and the Union of Soviet Socialist Republics, hereinafter referred to as the Parties,

Reaffirming the statement of the Secretary of State of the United States and the Foreign Minister of the Union of Soviet Socialist Republics of December 9, 1987,

Proceeding from the agreement to conduct a Joint Verification Experiment, hereinafter referred to as JVE, for the purpose of the elaboration of effective verification measures for the Treaty Between the United States of America and the Union of Soviet Socialist

Republics on the Limitation of Underground Nuclear Weapon Tests, hereinafter referred to as the 1974 Treaty on the Limitation of Underground Nuclear Weapon Tests,

Taking into account the agreements reached by the U.S. and Soviet delegations at the negotiations in Geneva on specific JVE technical procedures and organizational plans in full conformity with the December 9, 1987, ministerial statement,

Have agreed as follows:

1. For purposes of the JVE, there shall be two nuclear explosions, one at the U.S. Nevada Test Site and one at the USSR Semipalatinsk Test Site, each hereinafter being referred to as a JVE explosion.

2. The planned yield of the JVE explosion at each test site shall be not less than 100 kilotons and shall approach 150 kilotons.

3. Each Party shall have the opportunity to measure, on the basis of reciprocity, the yield of the JVE explosion conducted at the other Party's test site using teleseismic methods and, at the other's test site, using hydrodynamic yield measurement methods.

4. Each Party shall also perform teleseismic measurements within the satellite hole provided for that purpose of the JVE explosions at both Parties' test sites using the methods it has identified in this Agreement.

5. Each Party shall perform hydrodynamic yield measurements within the satellite hole provided for that purpose of the JVE explosions at both Parties' test sites using the hydrodynamic methods each Party has identified in this Agreement. Each Party shall report to the other Party the yield values of each of the JVE explosions that are derived by each Party on the basis of hydrodynamic yield measurements undertaken within the satellite hole and within the emplacement hole. Each Party shall undertake for the purpose of the JVE to ensure at its test site a test configuration that will allow each Party to obtain an accurate yield standard of the JVE explosion. The use of hydrodynamic yield measurement methods within the emplacement hole by the visiting Party is being undertaken only in the JVE, and such measurement methods within the emplacement hole shall not be proposed by either Party for verification of the 1974 Treaty on the Limitation of Underground Nuclear Weapon Tests.

6. As a yield standard, the experiment will include yield measurement within the emplacement hole of the JVE explosions at both Parties' test sites using the hydrodynamic methods each Party has identified in this Agreement. Each Party shall report to the other Party the yield values of each of the JVE explosions that are derived by each Party on the basis of hydrodynamic yield measurements undertaken within the satellite hole and within the emplacement hole. Each Party shall undertake for the purpose of the JVE to ensure at its test site a test configuration that will allow each Party to obtain an accurate yield standard of the JVE explosion. The use of hydrodynamic yield measurement methods within the emplacement hole by the visiting Party is being undertaken only in the JVE, and such measurement methods within the emplacement hole shall not be proposed by either Party for verification of the 1974 Treaty on the Limitation of Underground Nuclear Weapon Tests.

7. In the course of the JVE, each Party shall carry out teleseismic measurements of both JVE explosions at its five seismic stations for which historical data were exchanged. The Parties shall exchange the seismic data obtained in the JVE in corresponding detail to that exchanged for the historical explosions.

8. The JVE will provide information on the basis of which each Party can demonstrate the effectiveness of its hydrodynamic yield measurement methods at the test site of the other Party. Because the JVE is not designed to produce statistically significant results, it cannot by itself establish statistical proof of the accuracy of any particular yield measurement method.

9. The JVE conducted at both test sites will provide sufficient information to resolve all concerns, except those of a statistical nature, that have been identified by either Party regarding methods proposed by the other Party for verification of the 1974 Treaty on the Limitation of Underground Nuclear Weapon

Tests by providing an example of the effectiveness of the verification methods used in the JVE and by demonstrating their practicability and non-intrusiveness.

10. Specific design procedures of the JVE configuration within the emplacement hole that may have been necessary to accommodate technical objectives of the JVE shall not provide a basis for objections by either Party regarding the use of hydrodynamic yield measurements within the satellite hole for future nuclear tests. Such design procedures of the JVE configuration shall not establish a precedent for requiring similar design procedures in the two Parties' future tests as a condition for agreement on measures permitting effective verification of the 1974 Treaty on the Limitation of Underground Nuclear Weapon Tests.

11. The JVE will assist the Parties in: finalizing operational procedures for the conduct of hydrodynamic yield measurements within the satellite hole and teleseismic yield measurements for verification of future nuclear tests; establishing procedures for gathering the geological and geophysical data that is to be exchanged in accordance with any future yield measurement method proposed by either Party; determining procedures for exchange of data by the Parties on shock-wave properties of rock; comparing procedures to be used by the Parties for analyzing results of either hydrodynamic or teleseismic yield measurement methods proposed by either Party; and considering improved measures for reducing any intrusiveness associated with the verification methods proposed by each Party.

12. The Parties will use their best efforts to conduct the JVE explosions in accordance with the schedule specified in the Annex.

13. The exchange of the data obtained in the preparation for and conduct of the JVE of the results of the analysis by each Party be done in accordance with the schedule specified in the Annex with a view toward agreement on measures providing for effective verification of the 1974 Treaty on the Limitation of Underground Nuclear Weapon Tests.

14. Upon request by either Party, the Parties shall meet promptly to discuss any question or concern that may arise concerning the provisions of this Agreement.

15. Each Party shall treat with due respect the personnel of the other Party in its territory in connection with the preparatory work for and execution of, the JVE and shall take all appropriate steps to prevent any attack or person, freedom and dignity of such person.

16. To ensure the effective implementation of the foregoing provisions, the Parties have reached the agreements set forth in the Annex which form an integral part of this Agreement.

This Agreement, including the Annex hereto, shall enter into force upon signature.

DONE at Moscow on May 31, 1988, in two copies, each in the English and Russian languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA
GEORGE P. SHULTZ

FOR THE UNION OF SOVIET SOCIALIST REPUBLICS

E. SHEVARDNADZE

*The Annex is not printed here. ■

President Welcomes Entry Into Force of INF Treaty

PRESIDENT'S LETTER TO THE SENATE, JUNE 10, 1988¹

I was gratified the U.S. Senate gave its advice and consent to the ratification of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of Their Intermediate- and Shorter-range Missiles (INF Treaty). It was my honor to exchange instruments of ratification on June 1 in Moscow, and the treaty has now entered into force. During the past four months, the Senate has performed its constitutional duties with respect to the advice and

consent to this treaty in an exceptionally serious and diligent manner. On the Administration's part, we spared no effort to refer to the Senate's needs, and to do our best ensure that the Senate had all the information it needed to carry out its constitutional responsibilities. Administration witnesses appeared in more than 70 formal hearings and many more informal briefings; we provided written answers to over 1,300 questions from the committees and individual senators; and we provided access to the negotiating record of the treaty, comprising bound volumes.

In short, I believe the executive branch and the Senate took their responsibilities very seriously and made every effort to work together to fulfill them in the common interest of advancing the national security of the United States and our allies and friends. The record will bear witness to the sincerity and honesty of those in the executive branch and the Senate who have taken part in this effort.

As noted in my statement issued on May 17, the date of final Senate action, one provision of the Resolution to Ratification adopted by the Senate causes me serious concern. The Senate condition relating to the Treaty of Friendship and Consular Rights, which is one of the Clauses of the Constitution apparently intended to alter the law of treaty interpretation. The accompanying report of the Committee on Foreign Relations accords primacy, second only to the treaty text, to all executive branch agreements to the Senate above all other agreements which international forums or even domestic courts would consider in interpreting the treaty. It subordinates fundamental and essential treaty interpretative sources such as the intent of the treaty negotiating parties, the treaty negotiating process, and the parties' subsequent practice.

Treaties are agreements between sovereign states and must be interpreted in accordance with accepted principles of international law and U.S. Supreme Court jurisprudence. As a practical matter, the Senate condition can work against the interests of the United States by creating situations in which a treaty has one meaning under international law and another under domestic law. Unilateral actions on the United States should be avoided, especially in a treaty affecting vital national security interests. With respect to the law, the President must respect the mutual understandings reached with the Senate during the advice and consent process. But executive statements should be given binding effect only when they were authoritatively communicated to the Senate by the executive or were part of the basis on which the Senate received its advice and consent to ratification. This is in accordance with the legal standards applied by our courts in determining legislative intent. I commend the thoughtful statements made during the Senate debate by Senators Tower, Roth, Wilson and others which address these concerns.

This Administration does not take the position that the executive branch can disregard authoritative executive statements to the Senate, and we have no intention of changing the interpretation of the INF Treaty which was presented to the Senate. On the contrary, this Administration has made it clear that it will consider all such authoritative statements

as having been made in good faith. Nonetheless the principles of treaty interpretation recognized and repeatedly invoked by the courts may not be limited or changed by the Senate alone, and those principles will govern any future disputes over interpretation of this treaty. As Senator Lugar pointed out during the debate, the Supreme Court may well have the final judgment, which would be binding on the President and Senate alike. Accordingly, I am compelled to state that I cannot accept the proposition that a condition in a resolution to ratification can alter the allocation of rights and duties under the Constitution; nor could I, consistent with my oath of office, accept any diminution claimed to be effected by such a condition in the constitutional powers and responsibilities of the presidency.

I do not believe that any difference of view about the Senate condition will have any practical effect on the implementation of the treaty. I believe the executive branch and the Senate have a very good common understanding of the terms of the treaty, and I believe that we will handle any question of interpretation that may arise in a spirit of mutual accommodation and respect. In this spirit I welcome the entry into force of the treaty and express my hope that it will lead to even more important advances in arms reduction and the preservation of world peace and security.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of June 13, 1988. ■

China and the U.S.: Present and Future

by Michael H. Armacost

Address before the National Council for United States-China Trade on June 1, 1988. Ambassador Armacost is Under Secretary for Political Affairs.

Nearly a decade ago, the United States and China completed the process of normalization—initiated by President Nixon in 1969—by establishing full diplomatic relations between our countries.

Today the U.S.-China relationship has been normalized in every sense of the word. We have substantial cultural, economic, and trade contacts, and these are growing rapidly. Our political dialogue has been broadened and deepened. We have the normal day-to-day problems and differences that mark any vibrant relationship. Perhaps most notably, this important relationship—once the subject of such domestic controversy—is no longer a matter of partisan debate as we head into a presidential election.

I would like to take a few minutes this evening to look at the relationship: where we are; where we are going; what we have learned.

The Development of Relations

First, a brief historical note. Strategic concerns, rather than sentiment, prompted the United States and China to make the initial moves toward rapprochement in the late 1960s. The friendlier relations that emerged in the

early 1970s eased U.S. security concerns both in Asia and on the wider global geopolitical playing field.

In the late 1970s, full normalization of relations was facilitated not only by a shared opposition to Soviet expansionism but by China's decision to accelerate its modernization drive. The new relationship got off to a fast start, especially in the areas of educational and scientific exchange, people-to-people contacts, and an upsurge in commercial transactions. These and other important substantive ties developed in a honeymoon atmosphere in which expectations on both sides were high. Inevitably, there were disappointments. But there was also rapid learning and real progress on many fronts.

The Achievements of the Relationship

Throughout the Reagan Administration, the United States and China have worked to diversify and to expand this relationship. In so doing, we have reinforced its original foundations. A quick look at the record reveals the progress achieved.

- In diplomacy, regular high-level consultations on key regional and international issues have been institutionalized;

- In commerce, bilateral trade with China has grown from \$1.1 billion in 1978 to \$10.5 billion in 1987.

- Investment flows, nonexistent in 1978, have grown to \$3.1 billion in committed funds and \$1.7 in paid-in funds;

there are now approximately 350 joint ventures, many of them undoubtedly represented in this room;

- In science and technology, we have signed over 30 protocols, more than either the United States or China has with any other country. Today we cooperate across a broad spectrum of scientific and technological research—from agriculture to superconductivity;

- In defense, ship and aircraft visits, personnel exchanges, and transfers of technology have flourished, and we now have a cash FMS [Foreign Military Sales] program with China;

- In education, we have moved from a closed to an open door policy. Almost 30,000 Chinese students are in the United States, while Americans in increasing numbers are studying and conducting research in China. In April China agreed in principle to accept a Peace Corps contingent.

This is a record in which both our peoples and governments can take pride.

Changes in China

This audience is well aware of the striking economic transformation now taking place in China today. Yet, as businessmen, diplomats, and observers of China, we may share a certain skepticism about developments that appear, at first glance, to be almost too good to be true. Will the reforms continue? Will they provoke a backlash? Will they be reversed? These are questions that are frequently asked. Let me give you my own views on the subject.

Recent developments encourage optimism. Over the past 6 months, both the 13th National Party Congress and the 7th National People's Congress have affirmed China's commitment to a broad program of economic reform. The internal debates are no longer focused on the question of whether reform should take place—as was the case in the late 1970s—but on the scope and pace of reform. The issue is not whether but how far and how fast to effect fundamental changes in the economy and political system. Leaders of all stripes, including many who were formerly considered "economic conservatives," appear to accept the necessity for more reform. The principal problems now facing the leadership are those of managing a complex process of directed and derivative change—how best to introduce market mechanisms without fueling inflation; how to improve enterprise efficiency without causing massive unemployment; how to introduce greater

freedom without spawning unacceptable high levels of social conflict and political demands.

There is now a heightened political will to tackle key reforms, as underscored by policy initiatives in the areas of price reform, foreign trade, constitutional sanction of private property, and the further curtailment of central control over the daily economic life of China. Movement toward a market-oriented economy is an unabashed goal as Chinese leaders seek to invigorate the economy by replacing the heavy hand of bureaucracy with the vitality of the marketplace.

In recent weeks, the Chinese leadership has expressed a renewed commitment to press ahead with sensitive aspects of reform, especially reform of the pricing system. Price reform is like going to the dentist—the longer you put it off, the worse it is when you finally go. Yet the willingness of the leadership to tackle this knotty issue is indicative not only of the political strength of reformers but of the bold, innovative approach to problems that has proven so successful during the past 10 years. Just last month, Beijing announced new guidelines for state food prices. In order to achieve a better balance between supply and demand and to restrain the latter, some increases in the price of food apparently will be passed directly to the consumer, and price reform may be accelerated in other areas. At the same time, the pace of reform will be affected by how well the leadership handles several difficult side effects of systemic reform—for example, double-digit inflation and growing disparities in regional development levels.

The leadership's commitment to reform also is highlighted by the further opening of coastal areas to the influence of international market forces. In January, China announced a market-oriented coastal development initiative, with increased emphasis on labor-intensive, export-processing industries. Developments along the coast may, in turn, spur greater decentralization of the domestic economy and facilitate systemic reforms, e.g., price reform.

Throughout China, the leadership continues to give factory managers greater freedom from state and party interference; to develop national markets for capital goods, raw materials, technology, and labor; to permit expansion of collective and individual enterprises; to reduce direct government interference in economic activities; and to replace command planning with mac-

roeconomic fiscal and monetary controls. To my mind, these are all clear indications of the direction in which China's present leadership wants to take the country.

Will the reform movement continue? My judgment is that it will. Should it not? It is delivering the goods today and offering the prospect of an even brighter future for the Chinese people tomorrow.

- In 1987, the real GNP [gross national product] growth rate was 9.4% for each of the past 7 years, it has increased approximately 10%;

- Over the past 7 years, agricultural output has increased 14% on an annual basis;

- The gross value of agricultural and industrial output for the first quarter of 1988 was up 16%;

- Should GNP continue to grow at an average rate of 7%—a figure that would appear well within reach—exports could reach \$175 billion by the year 2000, placing China on a par with the United Kingdom and France as trading nation.

These numbers suggest that decentralization and the rewards for individual enterprise may well be creating a spontaneous, self-sustaining dynamic for further reform. This is not to say that the course of reform will invariably be smooth, without reverses and setbacks, but there are solid reasons to expect that the reform movement will persist and that it will prevail. It is important to note, however, that the same dynamic will test the stability of the Chinese political system. Fear of disorder is very strong in China, and leaders will be hard pressed to maintain a balance between "order" and "change." Special interests will proliferate, and growing pluralism could pose strong challenges to the Party's monopoly of power. How it will respond remains to be seen.

China in the World

Paralleling China's success at home is its increasingly active role in international affairs. To discern where China is going in its external relations, we first to note that Beijing perceives world as moving away from superpower domination and in the direction of increasing multipolarity.

From China's vantage point, the world of the 1990s will be marked by relative decline in the position and influence of the superpowers. Thus, there will be a world of relatively great

dom of maneuver for other powers—a world, that is, in which China can move with greater security and assertiveness. What will this mean for China's foreign policy?

First, greater independence or assertiveness need not prove synonymous with an "equidistant" stance between the United States and the Soviet Union, though Beijing is likely to seek more balanced relations with both Washington and Moscow.

Given the priority of economic development and reform in China today, I am confident that its relations with us will continue to grow. China's modernization objectives and its market-oriented growth strategy, if sustained, will incline China strongly toward Western markets, Western capital, and Western technologies. Underlying China's inclination toward the West in general, and the United States in particular, is a recognition that we pose no strategic threat to China and that we welcome China's role as a major player in the world scene.

We do, as I have said, expect China to move toward more normal relations with the Soviet Union. Sino-Soviet relations are already improving. Trade between the two countries has more than doubled since 1980—albeit from a small base—and border trade in particular is booming. Although overall volume is modest, the Soviet Union has become China's sixth largest trading partner. Substantive discussions are taking place about the longstanding border dispute. Cultural relations have improved. A relaxation of political tensions and propagandistic excesses appears in the interest of both countries, allowing them to devote greater resources to economic reform and restructuring.

China's "three obstacles" to full bilateral normalization—which, after the failure of the Geneva accords on Afghanistan, could perhaps be reduced to two—persist. Even if Moscow were to remove all three, Sino-Soviet relations are unlikely to return to the close relationship of the 1950s. Beijing regards the Soviet Union as posing a long-term challenge to China's interests, and this strategic perception is likely to change in the near future. The geopolitical dimensions of our relations with China—though more muted nuanced than in the past—remain important.

Naturally, a move away from the bipolar world system will also compel China to reexamine and strengthen its relations with other important regional

powers, such as Japan and the ASEAN [Association of South East Asian Nations] nations, as well as Third World countries farther afield. The troubled history of Sino-Japanese relations in this century assures that development of the relationship between the two countries will be a complicated process. It will require statesmanship on both sides of the Sea of Japan to prevent the frequent irritants from disrupting the mutual need for friendly relations.

China's relations with the ASEAN nations are marked to a degree by historic memories similar to those that burden the Sino-Japanese relationship, though in this instance China is the object of suspicion. China's opposition to the Vietnamese occupation of Cambodia and its willingness to forswear material support for communist parties in Southeast Asia have helped Beijing to dispel suspicions harbored by ASEAN countries. As China's economy and export potential develop, however, the ASEAN countries are also likely to find themselves increasingly in competition with China for shares of Western markets. The same is true more generally in the Third World, where China may frequently find its competitive drive for markets in conflict with its desire for political solidarity.

The Bilateral Relationship: A Balance Sheet

Let me return briefly to the present state of Sino-American bilateral relations. The very range of issues currently under discussion—trade, technology transfer, Tibet, Afghanistan, Cambodia, the Korean Peninsula, the Persian Gulf—underscores how our relationship has expanded, matured, and become thoroughly normal.

Some of these challenging issues have stimulated frictions and disagreements; others have offered new opportunities for cooperation. It is a testament to the maturity of our relationship that we have been able to discuss the most difficult issues without major adverse consequences, while continuing to cooperate and advance our relationship as a whole.

In the case of Tibet, the Dalai Lama's visit to the United States last fall and the subsequent clashes between demonstrators and security personnel in Lhasa aroused sensitivities on both sides. We have made clear that we regard Tibet to be part of China but have, at the same time, reaffirmed our strong commitment to respect for human rights in Tibet as elsewhere in the

world. Despite disagreements and political sensitivities, we have discussed this problem at high levels, and China has facilitated our efforts to gain firsthand information on conditions in Tibet.

Silkworm missiles and COCOM [Coordinating Committee for Multilateral Security Export Controls] liberalization evoked a controversy in which tactical differences threatened to obscure parallel strategic objectives. China's arms sales to the Persian Gulf, especially the supply of Silkworm missiles to Iran, posed dangers to the lives of American naval personnel upholding freedom of navigation in the gulf. We reacted by putting a temporary hold on further liberalization of COCOM controls on technology exports to China. We have also engaged the Chinese in a forthright dialogue on the gulf region, the Iran-Iraq war, and arms sales. More recently, we have registered a general concern about the sale of ballistic missiles—a very destabilizing class of weapons—particularly to countries in the gulf and South Asia—regions of special volatility. The Chinese, I believe, have understood our concerns, though they have not always shared them. We anticipate continued frank discussions of these issues.

At the same time, we have cooperated with China to bring about a resolution of the conflict in Afghanistan, and, with Beijing, we are supporting ASEAN in pressing for an early withdrawal of Vietnamese forces from Cambodia. On the Korean Peninsula, the United States and China share a common objective: to preserve deterrence and maintain stability, and to assure the peaceful conduct of the Seoul Olympics this fall.

Our economic relations have continued to thrive:

- In February, we signed a new 4-year bilateral textiles agreement; this will allow us to manage a politically sensitive subject in a reasonable way.

- In March, the United States resumed deliberations on the liberalization of COCOM restrictions on high technology exports to China, potentially enhancing U.S. competitiveness in the multibillion dollar market.

- Negotiations on China's accession to the GATT [General Agreement on Tariffs and Trade] continue. We support Beijing's accession, but believe that full participation carries with it an obligation to eliminate over time its nontariff barriers and export subsidies.

- The Administration has resisted a variety of protectionist forces while engaging the Chinese in a dialogue aimed

at increasing U.S. access to the Chinese market and improving the attractiveness of China's market for U.S. businessmen by providing better protection of intellectual property and reducing bureaucratic obstacles and red tape.

Despite the ups and downs and some unexpected surprises, we have, in large part, been successful in dealing with these issues. That success owes much to a willingness to address problems in a spirit of friendship and candor.

If there is a lesson to be learned from our recent experience, it is this:

The United States in the World Economy

by W. Allen Wallis

Address before the World Affairs Council in Baltimore on May 10, 1988. Mr. Wallis is Under Secretary for Economic Affairs and Agriculture.

This is a leap year, and the U.S. Constitution makes every leap year a time of great confusion in discussions of economic policy. With the political season comes silliness. Slogans and buzzwords masquerade as thought. Claims, charges, and statistics fly about like excited hornets.

Nevertheless, debate on economic policy is a sign of a healthy, dynamic society. Static economies, with structures fixed by tradition or authority, have little debate over economic policies. Change is not necessarily healthy, but healthy economic progress necessarily brings change. Change, in turn, brings debate about whether to resist it, about what changes to make, and about adjusting to the changes.

An economy like the United States, open to international markets, experiences more pressures for change than does a closed economy. Thus, with growing integration of the world economy, economic issues in the United States increasingly relate to our place in the world economy. That is my topic for this evening.

The issues behind the rhetoric are real and important. Is our economy thriving or slumping? Is our prosperity soundly based or are we teetering on the brink of economic disaster? Are we competitive internationally, or are we being overwhelmed by more efficient

since our respective interests will continue to expand and intersect, we will need to continue to cultivate the forthright approach that has served both countries so well. We cannot afford to overlook each other's sensitivities, concerns, or interests. We must work to ease frictions where we can, and insulate them from the core of our relationship where we cannot.

This is a sensible strategy. It has already paid rich dividends. It provides a basis for confidence that friendly Chinese-American relations will remain a solid fixture in a rapidly changing world. ■

producers abroad? Do we benefit from foreign trade or are we merely weak prey for foreigners who take advantage of us? Do our economic policies need a change of direction? Should we raise taxes; intervene in markets; counterattack against foreign predators? In this year of decision, the American electorate has to sort out these questions. It must separate fact from myth and reason from fallacy.

The fundamental question underlying these policy debates is this: will our economy benefit if we continue in the direction of the past decade or so—increasing our reliance on markets, rather than government fiat, to make basic economic choices? Or would we do better to rely more directly on the government, and less on private decisionmaking?

An informed choice between these alternatives requires that we look both inward and outward. We should examine our own experience during the past several years. How successful have we been, particularly in relation to the rest of the world? But also we should note how the world is changing and, in particular, how economic policies around the world are evolving.

The Global Trend Toward the Market

The observations that follow are based partly on experience as the President's personal representative for preparing and attending six economic summits (1983 through 1988), partly on engaging in a large number of negotiations and discussions with officials and businessmen from many countries, and

partly on participating in many international organizations and conferences.

During the nearly 6 years that I have been in my present position, I have observed a remarkable transformation of attitudes on economic policies. Market-oriented policies that were once dismissed as old fashioned, naive, and impractical are now seen to work in practice, and there is a major trend toward such policies throughout the world.

Back in 1981, when President Reagan attended his first economic summit with the leaders of the other six major industrialized countries, he was preaching the benefits of free and open markets to an audience that, except for Margaret Thatcher, was skeptical, to put it mildly—derisive might be more accurate. Next month at the Toronto summit, Francois Mitterrand will be the only remaining socialist, but even he has moved a long, long way since 1983 from disastrous policies he introduced in 1981.

Many of the poorer countries of the world have long been afflicted by statist, inward-looking, authoritarian economic policies, sometimes rooted in resentment of a colonial past; more often in Marxist ideology. Increasingly, however, many of these countries, notably in Africa, are coming to realize that such policies lead only to continued stagnation and poverty, and they are embarking on fundamental economic reform. Even in Latin America, where the intellectual climate has long been dominated by statism, opinion has been shifted by overwhelming evidence, a policies are changing. We see movement toward the market even in communist countries, including the Soviet Union and China.

What is the evidence that has created this profound shift in attitudes? Let me review some of it for you in broad terms.

The United States and Europe

During most of the postwar period, ropan economic growth outstripped that of the United States. In the two decades 1961-80, for example, annual growth in the European Community averaged about half a percentage point above that in the United States. However, since the 1981-82 recession, the relationship has been reversed—U.S. economic growth has been consistently more robust than European, averaging during the last 5 years about two-thirds higher (about 1½ percentage points).

Similarly, creation of jobs in the United States has been strong—a net increase of over 15 million in employment since 1982—while in the European community it has been weak or nonexistent, and unemployment seems stuck at a level more than double our current level.

Increasingly, the reason for these differences is becoming understood by Europeans themselves. In the United States we have lowered important tax rates and deregulated such important sectors of the economy as transportation and communication. Markets for goods and labor are relatively open and flexible. In Europe, in contrast, governments have intervened in ways that impede adjustments to change. Labor markets, in particular, have been made inflexible and stagnant official programs and regulations that were intended to improve economic security but actually have done the opposite by creating disincentives for both employers and employees.

Within Europe, the United Kingdom—which leads other European countries in the adoption of free market policies—has had a better growth record in the 1980s than its partners. In the middle of last year its unemployment rate has been dropping sharply.

Asia and Latin America

The outstanding experience among developing countries provides similar lessons. To consider the leading "newly industrializing countries"—NICs, as we call them. Four economies in the Far East—Hong Kong, Korea, Singapore, and Taiwan—have economic strategies that, while differing considerably from others, are generally speaking outward-looking and market oriented. During the past 20 years, they have attained some of the world's highest growth rates; Korea and Singapore, for example, have averaged over 9% per year. Even during the 1980s—when external conditions were less favorable for developing countries as a whole—these economies proved resilient and continued to progress remarkably.

Latin America's main NICs are Chile, Mexico, and Argentina. Mexico, particularly Brazil, with aggressive export promotion, did fairly well under favorable conditions in the 1970s, but government-dominated economic policy—with price and wage controls and heavily protected and inefficient state-owned enterprises—proved unable to

cope with the changed conditions of the 1980s. Their debts skyrocketed, and their growth rates collapsed. Argentina, with the most protectionist, inward-looking policies of the group, went from sluggish growth before 1980 to actual decline since then.

Several countries in both regions have now joined the trend toward market-oriented reform and are reaping benefits. In East Asia, for example, Malaysia and Thailand are regarded as the most likely new NICs. Thailand, following recent stabilization and liberalization measures, has emerged from a period of sluggishness and is now growing at a strong pace. In the Philippines, President Aquino's government has undertaken major economic reforms, and economic growth has resumed.

In Latin America, Chile—afflicted in the early 1980s by heavy debt and falling export prices—has rebounded since 1983 with healthy growth supported by strongly market-oriented policies. Colombia is another country where sound economic policies are paying off in improved growth and easing of debt pressures. Mexico is benefiting from an ambitious economic reform program, notably in trade liberalization. Argentina's leaders are struggling to reverse the heritage of decades of statist policies and resultant stagnation. There are other examples.

Africa

Africa, the continent with the most profound economic problems, has seen in recent years perhaps the most dramatic reversal in policies. During the 1960s and 1970s, economic policies in Africa were dominated by Marxist ideology, with large public sectors, subsidies, controls on prices and exchange rates, and other measures that protected industry and eroded incentives to production.

Economic decline forced the authorities to recognize that their policies were leading to destitution. A gradual but widespread process of reform is now getting underway, sometimes fitfully. Perhaps two-thirds of sub-Saharan African countries have undertaken economic reform in the past few years, supported by the IMF [International Monetary Fund], the World Bank, and bilateral aid programs. The United States is taking an active role in helping to mobilize such support. Progress has been uneven; because of extreme poverty, heavy debts, and weak export prices, the road ahead is bound to be difficult. With outside help there is hope that these countries

can succeed, but not unless economic reforms are made.

The U.S. Experience

Although the performance of the U.S. economy has had a profound effect on the whole world, and the economy is performing about as well as it ever has, our policies are coming under heavy criticism at home. While much, if not most, of the criticism is politically motivated, this being leap year, some of it deserves serious consideration—even some of the politically motivated arguments merit consideration. Some argue that our strong performance in growth, employment, and price stability is hiding fundamental flaws. That is a hypothetical possibility; for example, recently Brazil had a great spurt under the Cruzeiro plan, only to collapse into worse troubles than those that led to the Cruzeiro plan. But it definitely is not true in the United States. The Cruzeiro plan was obviously unsound from the beginning, and no competent economist had any uncertainty about that.

In 1981, the Reagan Administration supported a firm disinflationary policy by the Federal Reserve and shifted the focus of policy toward medium-term goals, away from the short-term fine-tuning which experience had proved to be counterproductive. It worked to gain control over excessive Federal spending, to curtail the growth of the government, and to encourage healthy growth in the private sector. The centerpiece of this effort was strengthening incentives to the private sector through lower income tax rates and tax reform, while reducing structural rigidities through deregulation and keeping markets open to competition. The program has not been successful in balancing Federal receipts and expenditures—more on this later—but its positive accomplishments have been impressive. What do the facts tell us about the results? What is it that impresses other countries so greatly that they are abandoning views that they have believed in deeply for half a century and are shifting in our direction?

U.S. Economic Performance in the 1980s

To answer that, start with standard indexes of economic performance:

- The inflation rate (consumer price index) came down from more than 12% during 1979 and 1980 (December-December) to less than 4% by 1982 and

has since been contained at about that level through 5½ years of economic expansion.

- Since the recession that inevitably follows disinflation ended late in 1982, real growth (growth above inflation) has averaged a strong 4.1% per year, and we have now surpassed by about 6 months the previous U.S. record for the longest period of uninterrupted economic growth in peacetime. The economy appears to have weathered well the shock of the October stock market decline and looks stronger now than it did a few months ago.

- As I noted earlier, employment has risen by over 15 million during the expansion, and the unemployment rate is the lowest in 14 years. The proportion of the population employed has been continually setting records during the last 3 years.

What are the flaws in this performance?

Progress at Lower Income Levels

Some say that prosperity has been at the expense of the poor, who have not benefited from economic expansion. But, in fact, real cash income rose between 1981 and 1986 for every income group. The number of persons below the poverty level dropped by about 3 million between 1983-86, a turnaround from a sharp upward trend which began in 1980. The 1987 data, when available, will probably show further improvement. Moreover, these data include only cash payments and do not include income support in kind which has been growing rapidly in relative importance. Finally, the tax reform legislation of 1986 frees 4.3 million low-income families and individuals from Federal income taxes.

Job Quality

Some have said that the new jobs now being created are typically inferior ones, turning us into "a nation of hamburger flippers." The data contradict that. Job growth has been most rapid in higher paying, skilled occupations. The share of total full-time employment accounted for by the lowest paying occupations has declined.

Some of the misunderstanding on this point arises from the fact that wages in manufacturing are higher on average than in services. It is thought, therefore, that the increase in the proportion working in services must result

in lower average wages. This just does not follow. There is a lot of variation within sectors. Services industries—communications, transportation, law, medicine, engineering, education, accounting, journalism, acting, and others—provide many high-quality, high-paying, technology-intensive jobs, and that's where much of the growth has been.

Competitiveness in Manufacturing

Some complain that our manufacturing sector is languishing, losing out to foreign competition. This certainly is true of some manufacturing firms and even of a few industries, but certainly it is not even remotely true for manufacturing as a whole. U.S. manufacturing output is up about 40% from a decade ago, and the share of manufacturing in total U.S. output is about the same as it has been for 30 years or more. Manufacturing's share of employment has, indeed, declined, though the actual number of people employed is now climbing back toward the historical high. The decline in the proportion of employment in manufacturing, far from reflecting failure, is a consequence of success in raising productivity. Manufacturing contributes the same proportion of total output but does so with a smaller proportion of total employment.

Of course, what is true of the whole may not be true of each individual sector. In global markets the production of particular products will shift internationally as comparative advantage shifts. Thus, the textile industry in the United States suffers not so much from textile imports as from competition for its labor, capital, and management by other industries whose products cannot be produced as advantageously abroad as can textiles. While those who own fixed equipment or have skills that are not transferable may suffer from this competition, in general, workers benefit and the country benefits. While some industries are moving abroad as the pattern of efficient international specialization changes, other industries are replacing them. Indeed, in a sense, new industries push old ones abroad by bidding up the costs of their labor, capital, management, and raw materials.

With strengthened incentives to invest, and under the stimulus provided by foreign competition, the growth of productivity in manufacturing has been particularly impressive during the period 1981-87. It has risen nearly three

times as fast as during the period 1973-81. Manufacturing has the benefit now of the lower value of the dollar, which makes our products cheaper in marks, pounds, francs, or yen. The volume of our nonagricultural exports rose 12% last year, even in the face of sluggish growth in some important markets that restrained demand. We expect more good performance in 1988.

International Imbalances: What Is the Real Threat?

What about the huge and persistent trade and budget deficits? U.S. trade and current account deficits are often portrayed as the Achilles heel of U.S. policies, reflecting either weak trade policy or imprudent fiscal policy—the Federal budget deficit. Many believe that these twin deficits pose grave threats to our future prosperity.

In fact, any threat from the trade deficit is far less serious than the danger of harmful policies to deal with such as the omnibus trade bill now in Congress. Among the many fallacies: ten perpetrated in discussing the deficit, four are especially egregious.

Fallacy No. 1: The U.S. economy has lost fundamental competitiveness, particularly in manufacturing, so we need a more active government role planning and coordinating research, development, investment, finance, and marketing, buttressed by "temporary subsidies or barriers to imports to serve our manufacturing sector.

I have described earlier the way in which the manufacturing industry has responded to international competitive pressures. Do we really think that government officials would have done better? Would they have had better foresight? Wouldn't the prospect of kind of intervention simply invite politically determined, wasteful decision? Wouldn't the impact of inevitable mistakes in judgment have been magnified by being imposed on a broader scale?

Such policies would inevitably generate into attempts to preserve competitive industries—or to pressure certain politicians. It makes no sense and would do much harm—to try to maintain any particular economic size at a particular size. Temporary protection seldom leads to increased competitiveness; more often it leads to pressure for continued protection to extend subsidies or protection to industries which become noncompetitive because of the high prices of protected industries.

Fallacy No. 2: Foreigners have reduced the trade deficit through "fair" practices and trade barriers, which we have naively acquiesced. Therefore, we should protect our own markets in response.

There are a great many trade barriers and unfair trading practices abroad. But such barriers do not account for our trade deficit, only the composition of what is traded. Even the total elimination would do little anything to eliminate imbalances, which are due to macroeconomic forces. One of the most highly protectionist countries in the world have had trade deficits; some of the most open economies have had surpluses.

This does not mean that we should be indifferent to foreign barriers to trade. Such barriers keep us from gaining the full potential advantage of trade. We get only the benefit that comes to us from keeping our markets protected, thus being able to buy to our greatest advantage. We lose the benefit that would come from being able to sell to our greatest advantage. A country which closes its markets impoverishes one of its own people to enrich others of its people, and in the process it impoverishes some foreigners, too.

I can tell you from personal experience that the U.S. Government works hard to reduce barriers to our exports. As to this in both bilateral and multilateral negotiations. There has not been much recognition of our successes, though they have been significant. We have achieved, for example, significant increases in exports to Japan; we have rejected a number of European protectionist measures; we have negotiated a free trade arrangement with Canada; we have succeeded in launching the Uruguay Round of multilateral trade negotiations now underway in Geneva. Our success will not be improved by legislation which puts us into negotiating straitjackets, reducing our discretion as to when and whether we must negotiate to establish our negotiating flexibility.

If we are forced into retaliatory protectionism, it will not lower the deficit only our own standard of living. Especially now, when our competitive strength is making itself felt in rapid growth of exports, we will lose much if we get involved in an escalating series of trade restrictions with our trading partners.

Fallacy No. 3: The U.S. deficit means that we have lost jobs or, at least, lost high-paying jobs.

Clearly, such a statement doesn't square with the facts on employment that I cited earlier. In fact, shifting patterns of international trade are reflected in the industrial composition, not the overall level, of employment. When an economy is performing well—as ours most definitely is—any jobs lost to import competition will be more than offset by jobs in other industries. As I explained earlier, in a strong economy jobs lost to foreign countries are as much pushed out by other domestic industries competing for their inputs as they are pulled out by foreign competition from their own industry. Finally, we must recognize that the purchasing power of all American workers is increased by the lower priced goods made available through trade.

Fallacy No. 4: The capital inflows that balance the trade deficit leave us at the mercy of foreign creditors and are resulting in the buildup of net indebtedness to foreigners that will impoverish our children.

Greater growth of foreign claims on the United States than of U.S. claims on foreigners is a necessary consequence of net capital inflows. This is often called—erroneously—an increase in debt, and we are said to be the world's greatest debtor, to have lost our influence in the world because of it, and to have mortgaged our future and our children's. Poppycock!

Inflows of capital from abroad make our labor and our natural resources more productive instead of the labor and natural resources of the country from which the capital comes. That is, in fact, how this country was built. Only part of the capital that comes here results in debt; much is equity. When the Germans build an automobile plant in Pennsylvania, or the Japanese in Ohio, paying for it is their responsibility, not ours.

Concern is sometimes expressed about the growing burden on U.S. income represented by the returns of foreigners on their investments. But the product of the additional investment made possible by the capital inflows is greater than the income it will pay to its foreign owners. Moreover, total investment in the United States continues to exceed net capital inflows, so our national net worth continues to grow. Thus, we will be able to make these payments while still growing in wealth.

A final warning on alarms about foreign debt: do not trust the data. The Department of Commerce, which publishes them, does not even label them

debt. This is not the time or place to elucidate that, but I will toss you two tidbits: (1) our gold holdings are valued at \$42.22 an ounce; (2) in 1987 we received \$14.5 billion more income on our assets abroad than we paid to foreigners on their assets here—a paradoxical position for a debtor.

What Should We Do About International Imbalances?

Imbalances in international current accounts are not undesirable when they reflect temporary differences between countries' cyclical positions or when they reflect basic differences between countries in the profitability of investment and the propensity to save. Our present imbalances, however, are largely the result of distorting government policies. Abroad, government policies in many countries have created poor climates for investment, so the funds are invested here, thus contributing to the trade imbalance. In the United States the government deficit probably reduces savings which, if left in private hands, would reduce the imbalances.

Our current account deficit also would be reduced if foreign economies were stronger, for then they would import more. (Our deficit would, of course, be reduced if our economy were less strong, for then we would import less, but I know of no one who favors that remedy.) While Japan's economy is growing fairly briskly now, it would benefit from internal structural reform. European countries need to break down the many structural rigidities that impede growth, employment, and adjustment.

In the meantime, market forces are already vigorously at work reducing the international imbalances to the extent to which the market judges they are excessive. This is the meaning of the dollar's decline in the foreign exchange markets. That decline has brought about major changes in the growth of exports and imports. As long as we maintain steady policies, we need not fear a sudden loss of confidence and flight of capital that would cause the dollar to plummet and interest rates to rise. The United States is, by far, the best place in the world to invest and getting even more so.

Conclusion

Increasingly around the world the market is being recognized to be the most

successful organizing principle for prosperity and growth. Evidence is gradually overcoming ideological doubts. The United States, with an economy that is robust and competitive, has provided the most dramatic evidence. We have a considerable way to go in putting market principles fully into practice ourselves,

but now—when we see success all over the world—now is not the time to turn back. Our demonstration is doing more good for the world than could any amount of foreign aid and multinational bank loans, useful as those may be. The world economy is going our way. ■

North Atlantic Council Meets in Madrid

Secretary Shultz attended the regular semiannual session of the North Atlantic Council ministerial meeting in Madrid June 9-10, 1988. Following is the text of the final communique.

1. At their meeting in Brussels on 2nd and 3rd March 1988, the Heads of State and Government of the Alliance reaffirmed its guiding principles and stressed their determination to continue working for the advancement of our common ideals and goals. It was in this spirit that at our meeting in Madrid we reviewed the international situation and the challenges and opportunities before us, taking into account recent positive developments.

2. Guided by our desire for a more peaceful and secure state of international affairs, we have continued since the Alliance Summit to consider the broad spectrum of issues concerning East-West relations and security, including arms control and the existing military force relationship. Against that background we discussed:

- The current situation in and prospects for Eastern Europe;
- The need for a substantial and balanced outcome of the CSCE [Conference on Security and Cooperation in Europe] follow-up meeting in Vienna, at an early date, including significant progress on human rights and human contacts, and mandates for negotiations on conventional stability and confidence and security building measures;
- Our continuing commitment to share equitably the risks, burdens and responsibilities, as well as the benefits of our common endeavour, and the need to renew our efforts to maintain, under evolving circumstances, a fair partnership, mindful of the structure of the Alliance.

3. We welcome the results of the Summit meeting in Moscow between President Reagan and General Secretary Gorbachev, both for their substance and as a portent for the future development of East-West relations. We welcome the unprecedented prominence accorded to human rights in the joint statement of the Summit, and hope that a more forthcoming Soviet attitude will also be reflected in the CSCE concluding document. We support the progress recorded towards an agreement on a 50 per cent reduction in United States and Soviet strategic nuclear weapons, and stress the importance we attach to this objective in

seeking security at lower levels of armaments. We welcome the entry into force of the INF [Intermediate-Range Nuclear Forces] Treaty as an important step in our search for effectively verifiable arms control agreements in accordance with the declarations of our Heads of State and Government.

4. The North Atlantic Council in Permanent Session has continued its consideration of the further development of the Alliance's comprehensive concept of arms control and disarmament as called for in the statement issued in Reykjavik in June 1987. The Secretary General reported on the progress of this work and we look forward to receiving a comprehensive concept of arms control and disarmament as called for in the statement issued in Reykjavik in June 1987. The Secretary General reported on the progress of this work and we look forward to receiving a written report at our next meeting in December.

5. We welcome the beginning of Soviet troop withdrawals from Afghanistan after over eight years of occupation. We hope that the Geneva Accords mark the start of a process which will enable the Afghan people to exercise their right to self-determination and enable their country to recover its full sovereignty and independence.

6. The maintenance of calm and stability in and around Berlin and the improvement of conditions there, as envisaged in the current Berlin initiative, remain key elements in East-West relations. As the EC's [European Communities] European City of Culture for 1988, Berlin is again demonstrating its vitality and attractiveness.

7. We greatly appreciate the hospitality of the Spanish Government and people on the occasion of our first meeting in Madrid. We take this opportunity to welcome again Spain's membership as yet another confirmation of the vitality of the North Atlantic Alliance. We also strongly support the process under way in response to proposals made by Spain for defining a significant Spanish military contribution to the common defense.

8. On completion of his term of office, we paid tribute to the departing Secretary General, Lord Carrington, for his outstanding contribution to the North Atlantic Treaty Organization. We expressed deep appreciation for his services to the strength and unity of the Alliance, and therefore to peace and freedom. ■

37th Report on Cyprus

MESSAGE TO THE CONGRESS, MAY 24, 1988

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

Major meetings were held by U.S. officials with Cypriot leaders during the past two months. Secretary of State Shultz visited Cyprus on April 8, 1988, during the course of travel to a number of Middle Eastern countries. The Secretary met with Cypriot Foreign Minister Iacovou and stressed to him our desire to be helpful in the effort to achieve Cyprus solution. The Secretary also under our continuing support for the United Nations Secretary General's good offices mission.

Special Cyprus Coordinator M. James Wilkinson visited Cyprus, Greece, and Tu in late March and early April, meeting in Cyprus with President Vassiliou, Foreign Minister Iacovou, Turkish Cypriot community leader Denktash, and other political and government leaders. Mr. Wilkinson strongly emphasized our belief that negotiations should start as soon as possible under the aegis of the U.N. Secretary General and his representative in Cyprus, Oscar Carmichael. Mr. Wil also stated that the United States wishes to be helpful in the effort to start negotiations but that the parties themselves must elect to begin the process.

The new U.S. Ambassador to the Republic of Cyprus, Bill K. Perrin, arrived in Cyprus April 28 and presented his credentials to President Vassiliou on May 3, 1988. Ambassador Perrin begins his tour of duty at a time when we enjoy excellent bilateral relations with Cyprus and stands ready to lend all possible support to efforts to solve the Cyprus dispute.

During the period under review both Greek and Turkish Cypriot leaders expressed their continued interest in working with the U.N. Secretary General in pursuit of a settlement. At the same time, both parties objected to statements and actions by the other side that they argue call into question the sincerity of such expressions.

Also, during the reporting period, the Turkish Cypriot authorities began stamping the passports of certain travelers entering Turkish Cypriot sector across the U.N.-controlled buffer zone. The Turkish Cypriot have asserted that the new measures were established in response to long-standing Cypriot restrictions on travel between the sectors. We and others have questioned this initiative and urged maximum effort by all parties to restart serious negotiations.

Financial problems for the United Nations Force in Cyprus [UNFICYP] remain severe. In mid-April, UNFICYP troops contributed vigorously renewed their appeal for a new UNFICYP's funding base to assessed contributions in place of the present voluntary contributions. The United Nations Force in Cyprus's cumulative deficit is over \$160 million, borne entirely by the troop-contributing countries. We continue to consult with U

dials and the troop contributors on this problem.

Regarding congressional interest in Cyprus, I applaud House Concurrent Resolution 7 that commends the Prime Ministers of Greece and Turkey "on their statesmanship in initiating their current dialogue." I agree with the positive thoughts expressed in that Resolution and, like its authors, hope that the high-level meetings between Greece and Turkey "may result in the creation of an atmosphere that is conducive to . . . a resolution of the Cyprus problem."

The United States continues to believe the time is ripe for resuming negotiations without preconditions. An early meeting, facilitated as appropriate by the U.N. Secretary

General, between the leaders of the two communities also appears desirable. At the same time, we continue to favor expanded contacts at all levels to reduce tensions and to complement, not substitute for, substantive negotiations.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of May 30, 1988). ■

Humanitarian Aid to Nicaragua

by Alan Woods

Statement before the Subcommittee on Western Hemisphere and Peace Corps Affairs of the Senate Foreign Relations Committee on May 20, 1988. Mr. Woods is Administrator of the Agency for International Development (AID).¹

I appreciate the invitation to discuss the status of AID's efforts to fulfill Congress's mandate to provide humanitarian aid to the Nicaraguan resistance and to support a process for peace and reconciliation. I will outline for you today the progress of our efforts to implement the various components of this legislation (P.L. 100-276).

Nicaraguan Resistance

When Congress passed this legislation, it assumed that a *modus operandi* in cease-fire zones would be negotiated promptly and that the Nicaraguan Government would allow food to be delivered to the resistance inside Nicaragua as called for in the Sapoa agreement. But, weeks later, this is not the case. And no talks between the resistance and the Government to resolve this issue have led to produce results.

Putting aside the ongoing political differences between these parties, AID is confronted by three compelling facts that we fulfill our humanitarian mandate.

- The Sapoa agreement said the resistance would get food.
- The U.S. Congress said the resistance should get food.
- But, nearly 2 months after Sapoa, inside Nicaragua, resistance units have

not received food. They are either going hungry or going to Honduras.

Given these simple facts, and guided by the congressional mandate to keep the resistance together as a viable organization able to negotiate with the Nicaraguan Government on a firm footing, we have taken the following steps.

On April 19, with the support of the Honduran Government, the first truckload of food was delivered to resistance combatants and their families in southern Honduras. These shipments were inspected by nuns, priests, and lay people appointed by the Honduran Catholic Church, and the deliveries were made by independent Honduran truckers on contract to AID.

Routine ground operations—supplemented by air drops that began on April 28—continue today, having delivered over \$1.15 million worth of food, clothing, and other supplies to Honduras, always with the inspection by the church. In human terms, up to now, troops have been given enough food to last through May. Today we are meeting the need for food supplies in Honduras.

There is a different picture inside Nicaragua. We have been unable to deliver food or any supplies to resistance units inside their country. Press and intelligence reports paint a desperate picture: The resistance is relying on donations, bartering, or credit for the food needed to survive. Many are leaving the country to reach the food supplies in Honduras. Some have gone without food for days during their trek through the thick jungles of Nicaragua.

Clearly, this is not what the Sapoa agreement or the U.S. legislation intended. To meet the needs of those inside Nicaragua, I announced a week ago that we must begin providing measured amounts of food and cash-for-food to the resistance for delivery to units in the country.

The cash-for-food will be in the form of Nicaraguan currency—cordobas—amounting to about \$1.00 per person, per day. The resistance will sign for the currency and be responsible for its delivery. We are confident that the units inside will use these small sums to meet their basic needs. Anyone wanting to buy anything other than food will have a difficult time spending even these small amounts of cordobas outside of Nicaragua.

Let me emphasize that we have taken this particular step as a last resort. Until the Nicaraguan Government agrees to allow routine delivery of food, as called for in the Sapoa agreement and expected by Congress, we must use other means of getting aid to the resistance inside Nicaragua.

In the meantime, we are also delivering clothing (fatigues) and medical supplies to the resistance in Honduras. This week, we funded medical services for the resistance for April and May, and family assistance payments are being made. Regarding authorized communications equipment, within a few days, we hope to be distributing batteries needed to operate communications equipment.

On the issue of aid to the Indian organization known as Yatama, we have found it to be an increasingly complex question. We have met with Brooklyn Rivera and his representatives several times to discuss the delivery of aid to Yatama units. We also have met in Honduras with Orsonio Coleman, chief of staff of the Yatama military. In these meetings, we have tried to identify the location and needs of Yatama forces, without getting embroiled in the political differences between the groups.

A third group calling itself Yatama, and unknown to us, recently signed a new accord with the Government of Nicaragua. Information available to us suggests that these people are not the recognized leaders of Yatama.

To date we have been able to reach some Yatama troops in the Mosquitia region of eastern Honduras. We hope to have our first air drops to those units very soon.

That concludes the summary of our efforts on aid to the Nicaraguan resistance.

Children's Survival Assistance

Another component of this legislation is \$17.7 million for medical care to Nicaraguan children affected by the civil strife in their country. To date, we have signed grants with nine private voluntary organizations that intend to provide a wide range of services to Nicaraguan children throughout that country and in Honduras and Costa Rica.

These groups were selected for their experience in Central America and their proven track records in delivering those services called for in the legislation. The over \$5 million remaining in this fund will be used to "fill in the gaps" in services performed and people and regions served; we would expect this remaining money to be obligated in the next couple of months.

Seven of the eight groups wanting to work in Nicaragua already have programs in that country. Not only are they familiar with the territory, many of them are operating today under agreements with the government. We hope this will enable them to expand their services to Nicaraguan children with the understanding of the Nicaraguan Government.

Verification Commission

The third component of the legislation is support for the verification commission consisting of Joao Baena Soares, Secretary General of the Organization of American States (OAS), and Cardinal Miguel Obando y Bravo, leader of the Nicaraguan Catholic Church. In meetings with the Secretary General and his staff immediately after the legislation was passed, we requested a plan of operations and a budget from the members of the commission. Since then we have invested countless hours attempting to forge a simple, clear agreement to support all activities of the commission related to verifying compliance with Sapoa, Esquipulas, and any subsequent agreements.

Quite frankly, these talks were difficult. Our first challenge was getting the two commission members to work together so that the activities of both are supported as Congress intended. There were disagreements between the OAS and the Cardinal's representatives regarding Obando's role in the verification process. There also was reluctance or inability on the part of the OAS to provide

us with an operational program or an estimated budget for \$10 million U.S. tax dollars.

In drafting an agreement, there were contentions over what seem to be very straightforward matters regarding democratization and respect for human rights. For example, we have had difficulty convincing the OAS representatives of the need for a simple, declarative statement that the commission "will" verify compliance with Sapoa and key sections of Esquipulas II. The position of the OAS is that the commission "may" perform what we consider fundamental functions of verification.

After extensive consultation with both parties, we have signed an agreement that meets our minimum requirements and satisfies the intent of Congress. The document was signed on Wednesday [May 18] under which the

\$10 million will be disbursed in periodic payments.

Conclusion

Let me close by saying that there should be no surprises in my testimony this morning because of our ongoing consultations with Congress. The director of the task force heading up this effort, Ted Morse, has spent literally dozens of hours on Capitol Hill briefing interested parties on the details of this effort. We have made every effort to keep you informed as we strive to fulfill the assignment we have been given.

¹The complete transcript of the hearing will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Aid to the Nicaraguan Democratic Resistance

PRESIDENT'S STATEMENT, MAY 24, 1988¹

Two months have passed since the Congress limited U.S. assistance to the Nicaraguan democratic resistance to food, shelter, clothing, and medicine. The Congress stopped U.S. military assistance to the resistance while the Soviet bloc continued its military assistance to the communist Sandinista regime in Nicaragua. Some thought that U.S. forbearance would bring democracy and peace to Nicaragua through negotiations between the resistance and the Sandinista regime, but it has not.

Tomorrow, as I leave on the first leg of my trip to Moscow, the resistance and the Sandinistas are scheduled to meet again. The Sandinistas will again have the opportunity to carry out the promises they have made—beginning a decade ago with promises to the Organization of American States—of establishment of freedom and democracy in Nicaragua. We do not need more pieces of paper bearing empty Sandinista promises and Sandinista signatures. We need deeds, not more words.

During the 60-day truce established under the Sapoa agreement signed March 23, the Sandinistas have continued, and, indeed, intensified, their repression of the Nicaraguan people. They

have not carried out their commitment under the Guatemala accord of August 1987, or under the Sapoa agreement. Sandinistas have gone so far as to make it impossible to arrange through neutral parties to deliver food and medicine to resistance members inside Nicaragua.

The men and women of the Agency for International Development (AID) who have worked long and hard to ensure that the members of the resistance have the basic necessities of life deserve the thanks of our nation. The work of AID keeps the chance for democracy alive in Nicaragua.

The United States continues to support those fighting for freedom and democracy in Nicaragua. The freedom fighters of the Nicaraguan democratic resistance deserve the continued support of the United States.

If the current stalemate in the process persists and the Sandinistas continue their policies of repression, then we will call upon the Congress to reconsider its February 3 decision to curtail assistance to the Nicaraguan freedom fighters.

¹Text from Weekly Compilation of Presidential Documents of May 30, 1988. ■

U.S. Signs UN Convention Against Torture

Following are the President's message to the Senate and the text of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment signed on behalf of the United States by Deputy Secretary of State John C. Whitehead on April 18, 1988, at the United Nations. The United States became the 63rd nation to sign the convention, which was adopted by the UN General Assembly in December 1984 and entered into force on June 26, 1987, after it was ratified by 20 nations.

MESSAGE TO THE SENATE, APRIL 20, 1988¹

In view of receiving the advice and consent of the Senate to ratification, subject to certain reservations, understandings, and declarations, I transmit herewith the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. The Convention was adopted by unanimous agreement of the United Nations General Assembly on December 10, 1984, and entered into force on June 26, 1987. The United States signed it on April 18, 1988. I also transmit, for the information of the Senate, the report of the Department of State on the Convention.

The United States participated actively and effectively in the negotiation of the Convention. It marks a significant step in the development during this century of international measures against torture and other inhuman treatment or punishment. Ratification of the Convention by the United States will clearly express United States opposition to, and an abhorrent practice unfortunately prevalent in the world today.

The core provisions of the Convention establish a regime for international cooperation in the criminal prosecution of torturers relying on so-called "universal jurisdiction." Each State Party is required either to prosecute torturers who are found in its territory or to extradite them to other countries for prosecution.

In view of the large number of States concerned, it was not possible to negotiate a treaty that was acceptable to the United States in all respects. Accordingly, certain reservations, understandings, and declarations have been drafted, which are discussed in the report of the Department of State. With inclusion of these reservations, understandings, and declarations, I believe there are no institutional or other legal obstacles to United States ratification. The recommended action necessary to implement the Convention will be submitted to the Congress separately.

Should the Senate give its advice and consent to ratification of the Convention, I intend at the time of deposit of United States ratification to make a declaration pursuant to Article 28 that the United States does not

recognize the competence of the Committee against Torture under Article 20 to make confidential investigations of charges that torture is being systematically practiced in the United States. In addition, I intend not to make declarations, pursuant to Articles 21 and 22 of the Convention, recognizing the competence of the Committee against Torture to receive and consider communications from States and individuals alleging that the United States is violating the Convention. I believe that a final United States decision as to whether to accept such competence of the Committee should be withheld until we have had an opportunity to assess the Committee's work. It would be possible for the United States in the future to accept the competence of the Committee pursuant to Articles 20, 21, and 22, should experience with the Committee prove satisfactory and should the United States consider this step desirable.

By giving its advice and consent to ratification of this Convention, the Senate of the United States will demonstrate unequivocally our desire to bring an end to the abhorrent practice of torture.

RONALD REAGAN

TEXT OF CONVENTION²

Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

The States Parties to this Convention,

Considering that, in accordance with the principles proclaimed in the Charter of the United Nations, recognition of the equal and inalienable rights of all members of the human family in the foundation of freedom, justice and peace in the world,

Recognizing that those rights derive from the inherent dignity of the human person,

Considering the obligation of States under the Charter, in particular Article 55, to promote universal respect for, and observance of, human rights and fundamental freedoms,

Having regard to Article 5 of the Universal Declaration of Human Rights and article 7 of the International Covenant on Civil and Political Rights, both of which provide that no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment,

Having regard also to the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, adopted by the General Assembly on 9 December 1975,

Desiring to make more effective the struggle against torture and other cruel, inhuman or degrading treatment or punishment throughout the world,

Have agreed as follows:

PART I

Article 1

1. For the purposes of this Convention, the term "torture" means any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from him or a third person information or a confession, punishing him for an act he or a third person has committed or is suspected of having committed, or intimidating or coercing him or a third person, or for any reason based on discrimination of any kind, when such pain or suffering is inflicted by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. It does not include pain or suffering arising only from, inherent in or incidental to lawful sanctions.

2. This article is without prejudice to any international instrument or national legislation which does or may contain provisions of wider application.

Article 2

1. Each State Party shall take effective legislative, administrative, judicial or other measures to prevent acts of torture in any territory under its jurisdiction.

2. No exceptional circumstances whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture.

3. An order from a superior officer or a public authority may not be invoked as a justification of torture.

Article 3

1. No State Party shall expel, return ("refouler") or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture.

2. For the purpose of determining whether there are such grounds, the competent authorities shall take into account all relevant considerations including, where applicable, the existence in the State concerned of a consistent pattern of gross, flagrant or mass violations of human rights.

Article 4

1. Each State Party shall ensure that all acts of torture are offences under its criminal law. The same shall apply to an attempt to commit torture and to an act by any person which constitutes complicity or participation in torture.

2. Each State Party shall make these offences punishable by appropriate penalties which take into account their grave nature.

Article 5

1. Each State Party shall take such measures as may be necessary to establish its jurisdiction over the offences referred to in article 4 in the following cases:

(a) When the offences are committed in any territory under its jurisdiction or on board a ship or aircraft registered in that State;

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(b) When the alleged offender is a national of that State;

(c) When the victim is a national of that State if that State considers it appropriate.

2. Each State Party shall likewise take such measures as may be necessary to establish its jurisdiction over such offences in cases where the alleged offender is present in any territory under its jurisdiction and it does not extradite him pursuant to article 8 to any of the States mentioned in paragraph 1 of this article.

3. This Convention does not exclude any criminal jurisdiction exercised in accordance with internal law.

Article 6

1. Upon being satisfied, after an examination of information available to it, that the circumstances so warrant, any State Party in whose territory a person alleged to have committed any offence referred to in article 4 is present shall take him into custody or take other legal measures to ensure his presence. The custody and other legal measures shall be as provided in the law of that State but may be continued only for such time as is necessary to enable any criminal or extradition proceedings to be instituted.

2. Such State shall immediately make a preliminary inquiry into the facts.

3. Any person in custody pursuant to paragraph 1 of this article shall be assisted in communicating immediately with the nearest appropriate representative of the State of which he is a national, or, if he is a stateless person, with the representative of the State where he usually resides.

4. When a State, pursuant to this article, has taken a person into custody, it shall immediately notify the States referred to in article 5, paragraph 1, of the fact that such person is in custody and of the circumstances which warrant his detention. The State which makes the preliminary inquiry contemplated in paragraph 2 of this article shall promptly report its findings to the said States and shall indicate whether it intends to exercise jurisdiction.

Article 7

1. The State Party in the territory under whose jurisdiction a person alleged to have committed any offence referred to in article 4 is found shall in the cases contemplated in article 5, if it does not extradite him, submit the case to its competent authorities for the purpose of prosecution.

2. These authorities shall take their decision in the same manner as in the case of any ordinary offence of a serious nature under the law of that State. In the cases referred to in article 5, paragraph 2, the standards of evidence required for prosecution and conviction shall in no way be less stringent than those which apply in the cases referred to in article 5, paragraph 1.

3. Any person regarding whom proceedings are brought in connection with one of the offences referred to in article 4 shall be guaranteed fair treatment at all stages of the proceedings.

Article 8

1. The offences referred to in article 4 shall be deemed to be included as extraditable offences in any extradition treaty existing between States Parties. States Parties undertake to include such offences as extraditable offences in every extradition treaty to be concluded between them.

2. If a State Party which makes extradition conditional on the existence of a treaty receives a request for extradition from another State Party with which it has no extradition treaty, it may consider this Convention as the legal basis for extradition in respect to such offences. Extradition shall be subject to the other conditions provided by the law of the requested State.

3. States Parties which do not make extradition conditional on the existence of a treaty shall recognize such offences as extraditable offences between themselves subject to the conditions provided by the law of the requested State.

4. Such offences shall be treated, for the purpose of extradition between States Parties, as if they had been committed not only in the place in which they occurred but also in the territories of the States required to establish their jurisdiction in accordance with article 5, paragraph 1.

Article 9

1. States Parties shall afford one another the greatest measure of assistance in connection with criminal proceedings brought in respect of any of the offences referred to in article 4, including the supply of all evidence at their disposal necessary for the proceedings.

2. States Parties shall carry out their obligations under paragraph 1 of this article in conformity with any treaties on mutual judicial assistance that may exist between them.

Article 10

1. Each State Party shall ensure that education and information regarding the prohibition against torture are fully included in the training of law enforcement personnel, civil or military, medical personnel, public officials and other persons who may be involved in the custody, interrogation or treatment of any individual subjected to any form of arrest, detention or imprisonment.

2. Each State Party shall include this prohibition in the rules or instructions issued in regard to the duties and functions of any such persons.

Article 11

Each State Party shall keep under systematic review interrogation rules, instructions, methods and practices as well as arrangements for the custody and treatment of persons subjected to any form of arrest, detention or imprisonment in any territory under its jurisdiction, with a view to preventing any cases of torture.

Article 12

Each State Party shall ensure that its competent authorities proceed to a prompt and impartial investigation, wherever there is reasonable ground to believe that an act of torture has been committed in any territory under its jurisdiction.

Article 13

Each State Party shall ensure that any individual who alleges he has been subjected to torture in any territory under its jurisdiction has the right to complain to, and to have his case promptly and impartially examined by, its competent authorities. Steps shall be taken to ensure that the complainant and witnesses are protected against all ill-treatment or intimidation as a consequence of his complaint or any evidence given.

Article 14

1. Each State Party shall ensure in its legal system that the victim of any act of torture obtains redress and has an enforceable right to fair and adequate compensation, including that means for as full rehabilitation as possible. In the event of the death of the victim as a result of an act of torture, his dependents shall be entitled to compensation.

2. Nothing in this article shall affect any right of the victim or other persons to compensation which may exist under national law.

Article 15

Each State Party shall ensure that any statement which is established to have been made as a result of torture shall not be invoked as evidence in any proceedings, except against a person accused of torture as evidence that a statement was made.

Article 16

1. Each State Party shall undertake to prevent in any territory under its jurisdiction other acts of cruel, inhuman or degrading treatment or punishment which do not amount to torture as defined in article 1, when such acts are committed by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. In particular, the obligations contained in article 10, 11, 12 and 13 shall apply with the substitution for references to torture of references to other forms of cruel, inhuman or degrading treatment or punishment.

2. The provisions of this Convention without prejudice to the provisions of any other international instrument or national law which prohibits cruel, inhuman or degrading treatment or punishment or which relates to extradition or expulsion.

PART II

Article 17

1. There shall be established a Committee against Torture (hereinafter referred to as the Committee) which shall carry out the functions hereinafter provided. The Committee shall consist of ten experts of high moral standing and recognized competence in the field of human rights, who shall serve in their personal capacity. The experts shall be elected by the States Parties, consideration being given to equitable geographical distribution and to the usefulness of the participation of some persons having legal experience.

2. The members of the Committee shall be elected by secret ballot from a list of persons

minated by States Parties. Each State Party shall nominate one person from among its own nationals. States Parties shall bear in mind the usefulness of nominating persons who are also members of the Human Rights Committee established under the International Covenant on Civil and Political Rights and who are eligible to serve on the Committee against torture.

1. Elections of the members of the Committee shall be held at biennial meetings of States Parties convened by the Secretary-General of the United Nations. At those meetings, for which two-thirds of the States Parties shall constitute a quorum, the persons elected to the Committee shall be those who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.

2. The initial election shall be held no later than six months after the date of the entry into force of this Convention. At least four months before the date of each election, the Secretary-General of the United Nations shall address a letter to the States Parties inviting them to submit their nominations within three months. The Secretary-General shall prepare a list in alphabetical order of all persons thus nominated, indicating the States Parties which have nominated them, and shall submit it to the States Parties.

3. The members of the Committee shall be elected for a term of four years. They shall be eligible for re-election if renominated. However, the term of five of the members elected at the first election shall expire at the end of two years. Immediately after the first election the names of these five members shall be chosen by lot. The chairman of the meeting referred to in paragraph 3 of this article.

4. If a member of the Committee dies or resigns or for any other cause can no longer perform his Committee duties, the State Party which nominated him shall appoint another person from among its nationals to serve for the remainder of his term, subject to the approval of the majority of the States Parties. The approval shall be considered given unless all the more of the States Parties respond negatively within six weeks after having been notified by the Secretary-General of the United Nations of the proposed appointment.

5. States Parties shall be responsible for the expenses of the members of the Committee while they are in performance of Committee duties.

Article 18

1. The Committee shall elect its officers for a term of two years. They may be re-elected.

2. The Committee shall establish its own rules of procedure, but these rules shall provide, *inter alia*, that:

(a) Six members shall constitute a quorum;

(b) Decisions of the Committee shall be taken by a majority vote of the members present.

3. The Secretary-General of the United Nations shall provide the necessary staff and facilities for the effective performance of the functions of the Committee under this Convention.

4. The Secretary-General of the United Nations shall convene the initial meeting of the Committee. After its initial meeting, the Committee shall meet at such times as shall be provided in the rules of procedure.

5. The States Parties shall be responsible for expenses incurred in connection with the holding of meetings of the States Parties and of the Committee, including reimbursement to the United Nations for any expenses, such as the cost of staff and facilities, incurred by the United Nations pursuant to paragraph 3 of this article.

Article 19

1. States Parties shall submit to the Committee, through the Secretary-General of the United Nations, reports on the measures they have taken to give effect to their undertakings under this Convention, within one year after the entry into force of the Convention for the State Party concerned. Thereafter the States Parties shall submit supplementary reports every four years on any new measures taken and such other reports as the Committee may request.

2. The Secretary-General of the United Nations shall transmit the reports to all States Parties.

3. Each report shall be considered by the Committee which may make such general comments on the report as it may consider appropriate and shall forward these to the State Party concerned. That State Party may respond with any observations it chooses to the Committee.

4. The Committee may, at its discretion, decide to include any comments made by it in accordance with paragraph 3 of this article, together with the observations thereon received from the State Party concerned, in its annual report made in accordance with article 24. If so requested by the State Party concerned, the Committee may also include a copy of the report submitted under paragraph 1 of this article.

Article 20

1. If the Committee receives reliable information which appears to it to contain well-founded indications that torture is being systematically practised in the territory of a State Party, the Committee shall invite that State Party to co-operate in the examination of the information and to this end to submit observations with regard to the information concerned.

2. Taking into account any observations which may have been submitted by the State Party concerned, as well as any other relevant information available to it, the Committee may, if it decides that this is warranted, designate one or more of its members to make a confidential inquiry and to report to the Committee urgently.

3. If an inquiry is made in accordance with paragraph 2 of this article, the Committee shall seek the co-operation of the State Party concerned. In agreement with that State Party, such an inquiry may include a visit to its territory.

4. After examining the findings of its member or members submitted in accordance with paragraph 2 of this article, the Committee shall transmit these findings to the State Party

concerned together with any comments or suggestions which seem appropriate in view of the situation.

5. All the proceedings of the Committee referred to in paragraphs 1 to 4 of this article shall be confidential, and at all stages of the proceedings the co-operation of the State Party shall be sought. After such proceedings have been completed with regard to an inquiry made in accordance with paragraph 2, the Committee may, after consultations with the State Party concerned, decide to include a summary account of the results of the proceedings in its annual report made in accordance with article 24.

Article 21

1. A State Party to this Convention may at any time declare under this article that it recognizes the competence of the Committee to receive and consider communications to the effect that a State Party claims that another State Party is not fulfilling its obligations under this Convention. Such communications may be received and considered according to the procedures laid down in this article only if submitted by a State Party which has made a declaration recognizing in regard to itself the competence of the Committee. No communication shall be dealt with by the Committee under this article if it concerns a State Party which has not made such a declaration. Communications received under this article shall be dealt with in accordance with the following procedure:

(a) If a State Party considers that another State Party is not giving effect to the provisions of this Convention, it may, by written communication, bring the matter to the attention of that State Party. Within three months after the receipt of the communication the receiving State shall afford the State which sent the communication an explanation or any other statement in writing clarifying the matter, which should include, to the extent possible and pertinent, reference to domestic procedures and remedies taken, pending or available in the matter;

(b) If the matter is not adjusted to the satisfaction of both States Parties concerned within six months after the receipt by the receiving State of the initial communication, either State shall have the right to refer the matter to the Committee, by notice given to the Committee and to the other State;

(c) The Committee shall deal with a matter referred to it under this article only after it has ascertained that all domestic remedies have been invoked and exhausted in the matter, in conformity with the generally recognized principles of international law. This shall not be the rule where the application of the remedies is unreasonably prolonged or is unlikely to bring effective relief to the person who is the victim of the violation of this Convention;

(d) The Committee shall hold closed meetings when examining communications under this article;

(e) Subject to the provisions of subparagraph (c), the Committee shall make available its good offices to the States Parties concerned with a view to a friendly solution of the matter

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on the basis of respect for the obligations provided for in this Convention. For this purpose, the Committee may, when appropriate, set up an *ad hoc* conciliation commission;

(f) In any matter referred to it under this article, the Committee may call upon the States Parties concerned, referred to in subparagraph (b), to supply any relevant information;

(g) The States Parties concerned, referred to in subparagraph (b), shall have the right to be represented when the matter is being considered by the Committee and to make submissions orally and/or in writing;

(h) The Committee shall, within twelve months after the date of receipt of notice under subparagraph (b), submit a report:

(i) If a solution within the terms of subparagraph (e) is reached, the Committee shall confine its report to a brief statement of the facts and of the solution reached;

(ii) If a solution within the terms of subparagraph (e) is not reached, the Committee shall confine its report to a brief statement of the facts; the written submissions and record of the oral submissions made by the States Parties concerned shall be attached to the report.

In every matter, the report shall be communicated to the States Parties concerned.

2. The provisions of this article shall come into force when five States Parties to this Convention have made declarations under paragraph 1 of this article. Such declarations shall be deposited by the States Parties with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General. Such a withdrawal shall not prejudice the consideration of any matter which is the subject of a communication already transmitted under this article; no further communication by any State Party shall be received under this article after the notification of withdrawal of the declaration has been received by the Secretary-General, unless the State Party concerned has made a new declaration.

Article 22

1. A State Party to this Convention may at any time declare under this article that it recognizes the competence of the Committee to receive and consider communications from or on behalf of individuals subject to its jurisdiction who claim to be victims of a violation by a State Party of the provisions of the Convention. No communication shall be received by the Committee if it concerns a State Party which has not made such a declaration.

2. The Committee shall consider inadmissible any communication under this article which is anonymous or which it considers to be an abuse of the right of submission of such communications or to be incompatible with the provisions of this Convention.

3. Subject to the provisions of paragraph 2, the Committee shall bring any communications submitted to it under this article to the attention of the State Party to this Convention

which has made a declaration under paragraph 1 and is alleged to be violating any provisions of the Convention. Within six months, the receiving State shall submit to the Committee written explanations or statements clarifying the matter and the remedy, if any, that may have been taken by that State.

4. The Committee shall consider communications received under this article in the light of all information made available to it by or on behalf of the individual and by the State Party concerned.

5. The Committee shall not consider any communications from an individual under this article unless it has ascertained that:

(a) The same matter has not been, and is not being, examined under another procedure of international investigation or settlement;

(b) The individual has exhausted all available domestic remedies; this shall not be the rule where the application of the remedies is unreasonably prolonged or is unlikely to bring effective relief to the person who is the victim of the violation of this Convention.

6. The Committee shall hold closed meetings when examining communications under this article.

7. The Committee shall forward its views to the State Party concerned and to the individual.

8. The provisions of this article shall come into force when five States Parties to this Convention have made declarations under paragraph 1 of this article. Such declarations shall be deposited by the States Parties with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General. Such a withdrawal shall not prejudice the consideration of any matter which is the subject of a communication already transmitted under this article; no further communication by or on behalf of an individual shall be received under this article after the notification of withdrawal of the declaration has been received by the Secretary-General, unless the State Party has made a new declaration.

Article 23

The members of the Committee and of the *ad hoc* conciliation commissions which may be appointed under article 21, paragraph 1(e), shall be entitled to the facilities, privileges and immunities of experts on mission for the United Nations as laid down in the relevant sections of the Convention on the Privileges and Immunities of the United Nations.

Article 24

The Committee shall submit an annual report on its activities under this Convention to the States Parties and to the General Assembly of the United Nations.

PART III

Article 25

1. This Convention is open for signature by all States.

2. This Convention is subject to ratification. Instruments of ratification shall be depos-

ited with the Secretary-General of the United Nations.

Article 26

This Convention is open to accession by all States. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.

Article 27

1. This Convention shall enter into force on the thirtieth day after the date of the deposit with the Secretary-General of the United Nations of the twentieth instrument of ratification or accession.

2. For each State ratifying this Convention or acceding to it after the deposit of the twentieth instrument of ratification or accession, the Convention shall enter into force on the thirtieth day after the date of the deposit of its own instrument of ratification or accession.

Article 28

1. Each State may, at the time of signature, ratification of this Convention or accession thereto, declare that it does not recognize the competence of the Committee provided for in article 20.

2. Any State Party having made a reservation in accordance with paragraph 1 of this article may, at any time, withdraw this reservation by notification to the Secretary-General of the United Nations.

Article 29

1. Any State Party to this Convention may propose an amendment and file it with the Secretary-General of the United Nations. The Secretary-General shall thereupon communicate the proposed amendment to the States Parties with a request that they notify him whether they favour a conference of States Parties for the purpose of considering and voting upon the proposal. In the event within four months from the date of such communication at least one-third of the States Parties favours such a conference, the Secretary-General shall convene the conference under the auspices of the United Nations. An amendment adopted by a majority of the States Parties present and voting at the conference shall be submitted by the Secretary-General to all the States Parties for acceptance.

2. An amendment adopted in accordance with paragraph 1 of this article shall enter into force when two-thirds of the States Parties to this Convention have notified the Secretary-General of the United Nations that they have accepted it in accordance with their respective constitutional processes.

3. When amendments enter into force they shall be binding on those States Parties which have accepted them, other States Parties still being bound by the provisions of the Convention and any earlier amendments which they have accepted.

Article 30

1. Any dispute between two or more States Parties concerning the interpretation or application of this Convention which cannot be settled through negotiation shall, at the re-

President's Meeting With Israeli Foreign Minister Peres

WHITE HOUSE STATEMENT,
MAY 17, 1988¹

Today President Reagan met with Israeli Foreign Minister Shimon Peres. The President and the Foreign Minister discussed bilateral issues, the upcoming U.S.-Soviet summit, and the urgent need to make progress toward peace in the Middle East. The President emphasized the value of deepening U.S.-Israeli bilateral relations and the emergence of meaningful strategic cooperation between our two countries. He remarked that the progress we've made together, embodied in the recently signed MOA [memorandum of agreement, April 21, 1988], owed much to Shimon Peres' efforts, both as Foreign Minister and as Prime Minister. In discussing the summit, the President spoke of our four-part agenda—bilateral relations, human rights, arms reduction, regional conflicts—and emphasized that we will, as always, press for the unimpeded right of Soviet Jewry to emigrate. The President also spoke of our determination to make progress toward Middle East peace. He thanked Foreign Minister Peres for his efforts in behalf of peace and his continuing commitment to negotiate it. While being steadfast in his commitment to Israeli strength and security, the Foreign Minister has a vision for the future, recognizes the increasing danger of the *status quo*, and understands the negative consequences of passivity and delay in the search for a settlement. The Foreign Minister is creative and has the courage

and wisdom to say yes when real opportunities arise. Such a positive attitude toward peace is essential for both Israeli and Arab leaders if there is to be a comprehensive settlement in the region. A settlement must be grounded on the realistic basis of UN Security Council Resolution 242 and its call for an exchange of territory for peace. Those leaders who are negative, consistently reject new ideas, and fail to exploit realistic opportunities to bring about negotiations make progress impossible. In the end, they will have to answer to their own people for the suffering that will inevitably result.

The President also told the Foreign Minister that Secretary of State Shultz would be going to the Middle East after the summit to pursue our initiative, an initiative that we continue to believe offers the only realistic basis on which to make progress toward peace. The alternative is a drift toward a much graver future in the region. Extremist forces will gain strength at the expense of moderates at the very moment that proliferating ballistic missiles and chemical weapons are creating a far more ominous military environment.

Foreign Minister Peres agreed that regional trends should add to our collective sense of urgency in pursuing Middle East peace. He also thanked the President for his efforts on behalf of Soviet Jewry and world peace.

¹Text from Weekly Compilation of Presidential Documents of May 23, 1988. ■

just of one of them, be submitted to arbitration. If within six months from the date of the request for arbitration the Parties are unable to agree on the organization of the arbitration, any one of those Parties may refer the dispute to the International Court of Justice by request in conformity with the Statute of the Court.

2. Each State may, at the time of signature or ratification of this Convention or accession thereto, declare that it does not consider itself bound by paragraph 1 of this article. The other States Parties shall not be bound by paragraph 1 of this article with respect to any State Party which has made such a reservation.

3. Any State Party having made a reservation in accordance with paragraph 2 of this article may at any time withdraw this reservation by notification to the Secretary-General of the United Nations.

Article 31

1. State Party may denounce this Convention by written notification to the Secretary-General of the United Nations. Denunciation becomes effective one year after the date of receipt of the notification by the Secretary-General.

2. Such a denunciation shall not have the effect of releasing the State Party from its obligations under this Convention in regard to any commission which occurs prior to the date at which the denunciation becomes effective, nor shall denunciation prejudice in any way the continued consideration of any matter which is already under consideration by the Committee or prior to the date at which the denunciation becomes effective.

3. Following the date at which the denunciation of a State Party becomes effective, the Committee shall not commence consideration of any new matter regarding that State.

Article 32

The Secretary-General of the United Nations shall inform all States Members of the United Nations and all States which have signed this Convention or acceded to it of the following:

(a) Signatures, ratifications and accessions under articles 25 and 26;

(b) The date of entry into force of this Convention under article 27 and the date of the entry into force of any amendments under article 29;

(c) Denunciations under article 31.

Article 33

The texts of this Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

2. The Secretary-General of the United Nations shall transmit certified copies of this Convention to all States.

¹Text from Weekly Compilation of Presidential Documents of May 23, 1988.

²The Secretary's letter of transmittal to the President of May 10, 1988, and the U.S. Summary and analysis of the convention are reprinted in Senate Treaty Doc. 100-20. ■

Third Special Session on Disarmament Convenes

U.S. STATEMENT,
MAY 31, 1988¹

Today, the third UN General Assembly Special Session Devoted to Disarmament (SSOD-III) will convene for almost 4 weeks of discussion on arms control and disarmament issues. Heads of state, foreign ministers, and other representatives from some 140 UN countries will attend this session to express their national views on disarmament-related topics.

SSOD-III participants will have an opportunity to look back at progress made since the second special session in 1982, review current developments and trends, and consider the challenges of and possibilities for the future. As an outcome of this session, the United States hopes to achieve a consensus document that reflects our common commitment to efforts aimed at enhancing international peace and stability.

The United States is proud of its efforts in this regard since the second special session. The United States has contributed to the significant progress which has been made in both bilateral and multinational negotiations. Equally as important, we have advanced successfully international acceptance of the principle that arms control must be pursued in the context of overall relations among states, such as resolving regional conflicts, respect for human rights, and general relations among states. Examples of progress include:

- The historic INF [Intermediate-Range Nuclear Forces] Treaty, signed at the Washington summit, will eliminate globally U.S. and Soviet intermediate-range and shorter range missiles. This is the first treaty ever to eliminate an entire class of nuclear missiles, and it contains unprecedented verification provisions.

- The United States and U.S.S.R. also agreed in 1987 to establish Nuclear Risk Reduction Centers in their respective capitals to help reduce the risk of war due to accident, miscalculation, or misunderstanding.

- U.S. negotiators in Geneva have been working diligently toward a strategic arms reduction treaty which would cut U.S. and Soviet strategic offensive nuclear arsenals in half. We have made extensive progress toward completing this agreement.

- The United States is engaged in full-scale, stage-by-stage bilateral negotiations with the Soviet Union on nuclear testing issues. As an initial step, we are negotiating verification provisions to make it possible to ratify existing related treaties, namely the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty.

- In 1984, the United States presented to the 40-nation Conference on Disarmament a draft comprehensive convention for banning chemical weapons. Many difficult problems remain to be worked out to make a convention truly global and effectively verifiable. However, much progress has been made, especially with regard to basic principles of verification.

- At the 1985 Nuclear Nonproliferation Treaty (NPT) review conference, participants unanimously concluded that the treaty is essential to the security of all states and is the best barrier to nuclear weapons proliferation. Since then, other states have joined the NPT, raising its membership to more than 130 parties.

- In 1986, the second Biological Weapons Convention review conference acknowledged U.S. concerns about Soviet noncompliance with the convention. The conference stressed that all states need to deal seriously with compliance issues, otherwise the convention and the arms control process in general would be undermined.

- In 1986, the 35 states participating in the Conference on Security and Cooperation in Europe adopted the Stockholm document on confidence- and security-building measures designed to in-

crease openness and reduce the risks of war by accident or miscalculation. For the first time, the right to conduct on-site inspections to check compliance was accepted. Ten inspections have been conducted thus far.

In reviewing the present international situation, the United States is encouraged that a number of long-standing U.S. basic concepts underlying a sound approach to arms control seem to be gaining increasing international acceptance. The international community has endorsed these principles through UN General Assembly resolutions and some extent in arms control negotiations. These concepts include: the requirement for effective verification and compliance with arms control agreements, the need for greater openness in military matters, the importance of conventional disarmament, and the need to curb proliferation, both nuclear and chemical.

These positive trends can serve as point of departure for the special session. Of course, international stability cannot be achieved solely through disarmament measures, as arms are not the cause but a symptom of international tensions. I hope that countries participating in this special session will examine the cause-tension in their own regions of the world and take appropriate steps to improve stability.

In conclusion, the United States sees this opportunity for the international community to discuss a range of important issues. The U.S. delegation will work in a cooperative and constructive spirit toward a meaningful and productive SSOD-III that will contribute to enhancing international peace and security.

¹USUN press release 54 of May 31, 1988. ■

Arms Control: Progress and Global Challenges

Secretary Shultz's address before the third UN General Assembly Special Session on Disarmament in New York City on June 13, 1988.¹

Two weeks ago in Moscow, President Reagan and General Secretary Gorbachev exchanged the instruments of ratification for the first treaty in history to reduce nuclear weapons. That

treaty is a message of hope for the future.

One day earlier, the President set forth his vision of the future, in speech to the students at Moscow State University. He saw a world where the wonders of technology, especially the technology of information, would combine with the plain practical benefits

ical and economic freedom, to
g increased peace and prosperity
mill.

The work of this special session is
concentrating on the weapons of war, as
it should. But we must never for-
get the point the President made to the
delegates of Moscow—a point he has re-
peatedly made around the world:

"Nations do not distrust each other be-
cause they are armed; they are armed
because they distrust each other."

To succeed in our endeavor, we
must pursue our visions with realism.
There is no room for wishful thinking—
especially thinking that technology and
science stand still. They do not.

Advanced weapons technology is
spreading throughout the globe. It has
been used in conflicts that are under-
way even as I speak to you. Terrorists
are making use of advanced explosives
and missiles. The diffusion of nuclear
and chemical weapons capabilities, of
ballistic missile technology, even of bio-
technology, is a global problem. These
are not simply East-West issues; they
concern every state here represented.
And we must all recognize that if we
are not part of the solution, we are part
of the problem.

The spread of these technologies
coincides with the resurgence of age-old
ethnic, religious, and communal con-
flicts. These conflicts are tragedies in
themselves; the misuse of new technol-
ogy of destruction only adds to the
suffering and to the risk that these
conflicts will expand, further threaten-
ing peace.

So the changes we see present us
with both problems and opportunities.
But whatever else changes, some basic
facts do not. We are all in this together.
We have a common interest in interna-
tional stability and security. That com-
mon interest is as compelling now as it
was over 40 years ago, when the
United States and others joined to-
gether to form this great body, in the
aftermath of the most devastating war
the world has ever known. Turning that
common interest into practical reality is
always the real challenge. Sweeping
statements of principle have their place,
but noble words can never substitute
for concrete deeds.

Six years ago, President Reagan
brought to the second special session
a profound wish for peace of the
American people. He also described his
concrete agenda for progress.

As we review those 6 years, I think
we have made remarkable progress—
more than many expected. But much
more is to be done. There is work
to do for all of us.

Let me briefly review the progress
of the past 6 years—first, what we have
achieved bilaterally with the Soviet
Union; next, what we have done to-
gether with our NATO allies to
strengthen stability in Europe; and
then our efforts to deal with disarm-
ament challenges on a global scale.

Progress Since 1982

U.S.-Soviet Arms Control. Progress in
U.S.-Soviet arms control has been sub-
stantial. I have already mentioned the
INF [Intermediate-Range Nuclear
Forces] Treaty. Over the next 3 years,
the United States and the Soviet Union
will eliminate, forever and on a global
basis, all their intermediate- and
shorter range nuclear missiles. For the
next 13 years, we and the Soviets will
verify this disarmament by means of
the most extensive onsite inspection re-
gime ever. It may be that future histo-
rians will come to judge this treaty's
breakthroughs in verification and open-
ness to have been almost as important
as the nuclear reductions themselves.

When President Reagan spoke to
the second special session, negotiations
on strategic weapons had just begun.
As with his "zero option" for INF, he
had proposed dramatic reductions
which many thought were out of the
question. Six years later, we have made
major progress toward a treaty to cut
U.S. and Soviet strategic nuclear ar-
senals by 50%. I do not know whether we
will be able to conclude such a treaty
this year, but we will make our best
effort. It is the United States' top arms
control priority.

We and the Soviet Union have
agreed to pursue stage-by-stage ne-
gotiations on nuclear testing. The first
step is to agree on effective verifica-
tion, to make it possible to ratify the
Threshold Test Ban Treaty of 1974 and
the Peaceful Nuclear Explosions Treaty
of 1976. At the Moscow summit, we
agreed on the detailed procedures nec-
essary to design and conduct a joint
verification experiment at each other's
test sites. And we have made progress
on a new protocol to the Peaceful Nu-
clear Explosions Treaty.

Earlier this year, we opened the
nuclear risk reduction centers in
Moscow and Washington. They will
further decrease the chance of war
through accident or miscalculation, and
will play a direct role in implementing
the INF Treaty. At the Moscow sum-
mit, we also agreed to provide 24 hours
advance notice of strategic ballistic mis-
sile launches.

These achievements are tangible
testimony to the success of the policy
that President Reagan has steadily pur-
sued to build a better relationship with
the Soviet Union. It is a policy that
covers a broad agenda—human rights,
regional conflicts, and bilateral issues,
as well as arms control. It is a policy
built to last, and it has stood the test of
time. It is a policy which we have pur-
sued with the full support of our NATO
allies. Without the full and active sup-
port of our allies, the INF Treaty in
particular could never have been
achieved.

**Multilateral East-West Negotia-
tions.** Together with our allies, we have
taken important steps in multilateral
negotiations as well.

The Stockholm Conference on Con-
fidence- and Security-Building Mea-
sures and Disarmament in Europe
concluded successfully in September
1986. This was a major breakthrough
for onsite inspection of military forces
and activities. The 35 participating
states agreed to specific measures to
reduce the risk of war as a result of
misunderstanding, miscalculation, or
surprise attack.

These measures have real military
meaning. They require advance notice
of military activities above a certain
level of troops or tanks, observation of
military activities above a specific level
of troops, and annual forecasts of cer-
tain military activities. They also give
the right to request onsite inspections
to verify compliance. To date, 5 of the
participating states have conducted a
total of 10 inspections. The successful
implementation of the Stockholm accord
has increased confidence and given all
concerned a better understanding of
military activities by other states.

We and our NATO allies have
pressed for progress in conventional
arms control in Europe. This is part
and parcel of a balanced overall ap-
proach. Three days ago, my NATO col-
leagues and I agreed on the need for a
substantial and balanced outcome of the
CSCE [Conference on Security and Co-
operation in Europe] followup meeting
in Vienna, at an early date, including
significant progress on human rights
and human contacts, and on mandates
for negotiations on conventional sta-
bility and security-building measures.

In conventional arms control, the
leaders of the alliance stated our aim
clearly at the March NATO summit: "to
establish a situation in Europe in which
force postures as well as the numbers
and deployments of weapon systems no
longer make surprise attack and large-
scale offensive action a feasible option."

Our leaders at the NATO summit were very specific about what steps must be taken:

- Enhance stability in the whole of Europe, from the Atlantic to the Urals, in a way which safeguards the security of all but takes into account the particular problems facing each region;
- Focus on the key weapon systems in seeking to eliminate the ability to conduct large-scale offensive actions;
- Deal with stationed forces, including forward-deployed Soviet units, while taking into consideration reinforcement capabilities;
- Concentrate on results which will eliminate the disparities that threaten stability, not on schemes for "equal reductions" which would have no such effect;
- Redress the conventional imbalance, which can be achieved through a set of measures including reductions, limitations, and redeployments, as well as the establishment of equal ceilings;
- Require highly asymmetrical reductions by the East, entailing, for example, the elimination from Europe of tens of thousands of Warsaw Pact weapons that could be used in a surprise attack, including tanks and artillery pieces;
- Propose, as a concurrent element, measures to produce greater openness of military activities, and to support a rigorous monitoring and verification regime; and
- Include in this regime the exchange of detailed data about forces and deployments, and the right to sufficient onsite inspections to be confident of compliance.

We are under no illusion that we have set ourselves an easy objective. But we have identified what we need to achieve in order to make a real contribution to a lasting peace. And we have done so in the explicit recognition, as our leaders put it, that "the military confrontation in Europe is the result, not the cause, of the painful division which burdens that continent."

Global Disarmament. All these achievements are important, and they have received their due share of attention. But that must not be allowed to obscure the fact that building a safer world is not a U.S.-Soviet problem alone or even an East-West problem. It is every nation's responsibility.

• Since June 1982, 21 additional states have joined the most important multilateral disarmament agreement so far achieved—the Nuclear Non-Proliferation Treaty (NPT). The 1985 NPT

Review Conference unanimously concluded that the treaty is essential to international peace and security.

• In April 1984, at the Geneva Conference on Disarmament (CD), Vice President Bush tabled a draft treaty to ban chemical weapons. In doing so, he noted that if ever in the history of mankind there was something on which people from every single country could agree—not just government officials but families in Vladivostok and Leningrad, Peoria and Paris, London, Caracas, and Belgrade—it is on the need to ban chemical weapons.

Since then, negotiations at the CD toward a comprehensive, verifiable, and truly global ban have increasingly centered on the real issues. These include the need for concrete solutions to the problems of ensuring effective verification and undiminished security. For the treaty to have real meaning, all chemical-weapons-capable states must be part of it. Formidable obstacles remain. It serves no good purpose to minimize them. But the United States is fully committed to pressing ahead.

• In 1986, the second review conference of the Biological and Toxin Weapons Convention was held. It acknowledged concerns about past Soviet noncompliance, stressed the need for all states to deal seriously with compliance issues, and emphasized that failure to strengthen compliance measures undermined the convention and the arms control process in general.

• In 1987, the United States and six other industrialized democracies formed a missile technology control regime to limit the proliferation of missiles capable of delivering nuclear weapons. I might add that at the Moscow summit, we and the Soviet Union agreed to hold exploratory talks to exchange ideas and information about how to cope with this growing problem.

• The United Nations has contributed welcome support to some essential principles of arms control. For 2 years in a row, the General Assembly has adopted, by consensus, resolutions calling for compliance with existing treaties and resolutions underlining the importance of verification of arms control agreements.

• I have described how the INF Treaty and the CSCE process have brought greater openness to military matters. The United Nations is also playing a role. Last year the General Assembly adopted a resolution calling for "furthering openness and transparency" on military matters, including

objective information on military capabilities. The United States warmly welcomed this resolution and calls on all member states to heed it. Every country can help build the confidence on which true peace depends, by publishing honest figures about defense expenditures, for all the world to see. Welcome the Soviet commitment to make such figures public. We think it is the time to do so.

So, as I review the past 6 years, see a lot of forward movement. But even as we celebrate our progress, a somber fact overshadows this special session. Proliferation is winning the race against disarmament in the technologies of destruction I described at the outset. We must all face up to the threat and act to counter it.

Challenges of Proliferation

Chemical Weapons. This threat is an abstract one. During the same 6 years that we have made the progress have outlined, bloody conflicts have been fought throughout the world. In some, chemical weapons have been employed. This is a direct and flagrant violation of the 1925 Geneva Protocol, which bans the use of chemical weapons. But only a binding international convention banning the weapons the selves can ensure that they are never used again.

All nations have a responsibility combat the proliferation of these terrible weapons. The General Assembly has voted to strengthen the Secretary-General's investigations of suspected use of chemical weapons. This is a limited but positive step. Whenever evidence emerges that chemical weapons are being used, all nations must stand to their responsibilities, by bringing political pressure and moral suasion bear on offending states. States with chemical manufacturing capabilities have a special responsibility to work against proliferation. Stringent export controls for the chemicals needed to make these weapons are a good place to start.

I have described how, at the Conference on Disarmament, the difficult outstanding issues of a chemical weapons ban have been identified. All 40 participating nations must apply themselves to resolving them. In doing so, they are blazing a path which must be followed by all members of the international community.

Ballistic Missiles. Ballistic missile proliferation is a new and urgent challenge.

It is a worldwide threat. In some cases, it involves missiles of the same type that the INF Treaty is forever prohibiting from U.S. and Soviet arsenals.

The United States is especially concerned about the introduction of advanced missiles into the Persian Gulf area. This has led directly to the indiscriminate slaughter of civilians, making even more difficult to bring that area to conflict to an end. We are also seeing signs of a dangerous new arms race which will put at risk countries far removed from the gulf region. Surely, mutual restraint is a better way for the nations of that troubled region to see to their security. The United States is prepared to do its part both to curb ballistic missile proliferation and to help bring about peaceful resolutions of the conflicts in the Gulf and nearby regions.

Nuclear Weapons. Bad as the proliferation of chemical weapons and ballistic missiles is, nuclear proliferation is an even graver threat to international stability. The United States condemns nuclear proliferation the most important item on this special session's agenda.

Does anyone doubt that the spread of nuclear weapons threatens regional and global security? What state believes that, if it now acquires nuclear weapons, its rivals would not seek to do the same?

The vast majority of the countries represented have undertaken a solemn commitment to stop the spread of nuclear weapons. One hundred and thirty-six nations have freely chosen to adhere to the Nonproliferation Treaty, which celebrates its 20th anniversary this month. There is no good reason why every nation should not make such a commitment. It is a contribution each and every state can make to a safer world.

The Treaty of Tlatelolco also remains a key part of the nonproliferation regime. The United States believes all capable states should fully adhere to it. Opening their nuclear activities to inspection by the International Atomic Energy Agency, the parties to both treaties provide verifiable assurances that these activities are for peaceful uses only.

Each state that has not yet made a binding commitment to nuclear nonproliferation must explain why for it. But one pretext for not doing so is . . . The image of an endless nuclear

buildup by the United States and the Soviet Union looks very false in the light of the INF Treaty.

At the very moment when the United States and U.S.S.R. have agreed to reduce their nuclear arsenals, it would be tragic for other countries to pursue the capability to cross the nuclear threshold. Nuclear proliferation is one of the most direct and serious threats to regional and global stability. It is a challenge which no nation has the right to ignore.

We must be most concerned about areas where regional tensions are high, and where countries that see each other as potential rivals have not made a binding commitment to nonproliferation or opened all their nuclear activities to international inspection. Today it is in South Asia that the danger is most acute. We encourage the states of South Asia to take concrete steps to meet this urgent challenge. The United States is prepared to work with countries inside and outside the region to find a lasting solution to the danger of proliferation that satisfies all parties.

The Path to Peace

Building a constructive relationship with one's neighbors and other potential adversaries should be an element of every national security policy.

Each individual country must decide the proper balance between investing in plowshares and investing in swords. In making such decisions, it is essential to have a clear idea of the threat. That is one good reason for openness about military budgets—and about nuclear programs. It is also why states should talk to each other about their political differences, in order to reduce regional tensions and thus reduce the perceived need to maintain large military forces. Let me cite a few figures without drawing any conclusions.

In the 5 years from 1977 to 1981, some \$128 billion worth of arms were delivered to developing countries. In the following 5 years, ending in 1986, this figure rose to \$180 billion—an increase of some 40%.

The Soviet Union was by far the most significant source of arms deliveries throughout that decade. In the first 5 years, Warsaw Pact countries accounted for 51% of the weapons shipments, while NATO countries were responsible for 41%. In the second 5 years, these figures declined somewhat, to 50% for the Warsaw Pact and 37% for NATO.

During this same period, the developing countries themselves showed a dramatic growth as the sources of their own weapons. In percentage terms, their share almost doubled from the first period to the second, rising from 6% to 11%. In absolute terms, the figure went up some two and a half times. This is development of a sort, but it is hardly disarmament.

I said at the outset that the United States recognizes the need for realism. The UN Charter specifically recognizes the right of self-defense, as well as the right to form regional collective security arrangements. History has not been kind to states that neglected their fundamental security responsibilities. The United States does not believe in peace through weakness, and does not recommend it to anyone else.

So it is necessary to be strong. But it is not sufficient. As the leaders of the NATO alliance put it, at their March summit:

Security in Europe involves not just military, but also political, economic, and, above all, humanitarian factors. We look forward to a Europe undivided, in which people of all states can freely receive ideas and information, enjoy their fundamental human rights, and determine their own future. . . . A just and lasting peaceful order in Europe requires that all states enjoy relations of confidence with their own citizens, trust them to make political or economic choices of their own, and allow them to receive information from and exchange ideas with citizens of other states.

Allied leaders went on to say that military forces should only exist to prevent war and to ensure self-defense, not for purposes of aggression or for political or military intimidation.

I think there is much in this vision which applies beyond the North Atlantic area. It suggests a way for nations to build their security on a solid foundation. The best basis on which to build a durable peace, wherever there are areas of potential or actual conflict, is a broad one. Trying to limit dialogue to a narrow agenda—whether on security measures or something else—not only misses important opportunities, it allows the whole relationship to be poisoned if things go wrong.

Within the broad approach I have outlined, confidence-building measures, or arms control and disarmament, should be considered on their own merits, as one way to enhance security. Doing them for any other reason can only lead to trouble.

The Road Ahead

There are challenges enough for all of us. Some tasks, such as work to reduce nuclear arsenals, must be strictly bilateral, in negotiation, verification, and implementation. But others—above all, the negotiations to ban chemical weapons and the need to control nuclear proliferation—are global problems.

As we continue these discussions, even as we exchange frank or candid opinions, let us recall the purpose of this great organization, as set forth in the UN Charter:

To save succeeding generations from the scourge of war . . . to reaffirm faith in fundamental human rights . . . to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom.

In that spirit, let us get on with the job.

¹Press release 111 of June 15, 1988; USUN press release 59 of June 13. ■

Situation in Panama

Following is the text of a news conference by Secretary Shultz, Under Secretary for Political Affairs Michael H. Armacost, and Assistant Secretary for Inter-American Affairs Elliott Abrams held May 25, 1988.¹

Secretary Shultz. The President has authorized me to recall U.S. negotiator Michael Kozak to the United States. At the final moment in negotiations, Noriega would not carry through with the arrangements his representatives had negotiated. No further negotiations are contemplated. All proposals addressed during these negotiations have been withdrawn. No offers remain on the table.

Noriega imposes a heavy burden on the people of Panama. The burden is political: repression of the freedom to speak, to assemble, to choose leadership and direction. The burden is economic: fewer jobs, less pay, inability to benefit from a relationship with the economy of the United States. The burden is moral: isolation in the hemisphere, as the corruption of the drug trade is rejected.

Noriega had a chance to lift these burdens as a result of reasonable terms worked out with the United States. Hav-

ing authorized others to say he agreed to resign and leave, he has not been able to say so himself. He has put his own interests above those of the people of Panama.

The United States will continue to work for an opening to democracy to Panama and for the conditions that will lead to economic development. We will continue our all-out war on drugs, and we will continue to work with the people of Panama and democratic forces throughout the hemisphere to get Noriega out of power and out of Panama.

Q. What further steps is the United States prepared to take in order to encourage him to leave eventually?

Secretary Shultz. We will keep our present posture in place, and we will continue to work various options, especially in coordination with other countries of the hemisphere, particularly those in Latin America. As to the details of them, I don't wish to discuss those details.

Q. Are any of the options military in nature?

Secretary Shultz. I wouldn't comment on military options.

Q. If you truly intended to save Panama, why have you taken the offer that was on the table off the table? Why not try and press forward on the negotiating front?

Secretary Shultz. Because the negotiations came to an unsatisfactory conclusion, and we don't intend to just leave the possibility there for somebody to pick up or not as the situation may change.

Q. Did domestic political pressure here have something to do with your decision to drop the proposals?

Secretary Shultz. It had nothing to do with it at all. We have a very strong proposal, and while many have criticized it, I have noticed as people have learned about it and come to understand it a little bit more, it has been increasingly supported as something sensible. It is clear enough Noriega and his people in the Panamanian military who are close to him saw, without a doubt, what our proposal did do: It got him out of Panama and it got him out of power. That's the object and, of course, to create a political opening so the forces of democracy and freedom could move into that opening and take over. We will continue to work for that and continue to work with the people of Panama for that end.

Q. There are many who are saying Gen. Noriega has been able to stand up to the full weight of the United States and, in effect, rub the United States'

nose in this. How would you respond that?

Secretary Shultz. The United States has performed with great restraint. We have done our best to try to work out something in a sensible way. We have used our military resources or bases or presence in any way at all. Of course, we have recognized and will continue to recognize President Delvalle as the constitutionally proper and legitimate President of Panama. It is the case that a great deal of the economic bite in Panama results from the fact we are doing what we have been asked to do by the legitimate Government of Panama, and will continue to do it.

Q. Noriega refused to step down under any circumstances?

Secretary Shultz. I don't know at that. I'm sure there will be circumstances that will come about when he will step down, and we will be working toward end.

Q. You said that we are going to working with our Latin American allies on this. Can you cite examples of that? Mexico has just offered to provide economic assistance to Panama. The SI [Latin American Economic System] is even considering developing new currency for use in Panama. We are the examples that you claim the are of other Latin American countries cooperating on our side?

Secretary Shultz. The democratically oriented countries, particularly those which have recently tasted the freedom that goes with democracy—as Argentina, such as Uruguay, and, course, a longstanding democracy such as Venezuela and others—are very concerned about what's going on in Panama. Obviously, some countries have immediately "cottoned up" to Noriega—Nicaragua has, Cuba has. So those are problem countries. But in general, in Latin America, there is a surge of democracy, and people want to see freedom, and the recognize this is very much in their interest.

They also recognize, as we all do, the seriousness of involvement with drug and the higher it goes in a country, the more serious it is. All of these things factor into a set of attitudes throughout the hemisphere that will make themselves felt. And I don't have any doubt about it.

Q. Are there no conditions under which negotiations could be resumed could Noriega come to you and say he's ready to talk on some condition that he would set?

Secretary Shultz. As of now, there are—our negotiator is withdrawn, w-

no plan for any further negotiations, your offer is no longer standing there on the table.

Q. What caused the breakdown? Did his refusal to leave, or did he impose conditions? What failed in the package that apparently was so important?

Secretary Shultz. Why he decided to do that he decided, of course, you'll have to ask him. What he told our negotiator was that it was obviously clear what we had worked out in the end required him to resign as—end his term of office as Commander of the Panamanian Defense Forces (PDF), that is basically the source of his power—and to leave Panama. Apparently he was not prepared, at least not to contemplate that. But as for his attitudes, you'll have to ask him.

From our standpoint, we developed something we feel is in the interest of the people of Panama, and we will continue to work for a political opening, for economic development, and for stamping out connections to the drug trade.

Q. Did he agree at one point to resign and leave?

Secretary Shultz. Our negotiations took place, to a certain extent, directly with him but mostly with representatives of the PDF, and they were very detailed and involved. An arrangement was structured in which the details of what was agreed upon in formal papers connected with the PDF would be filed with the Papal Nuncio, who is a very well-respected person in Panama and would hold these in good faith. It was a well-structured arrangement, and he must have known very well what was being arranged.

Q. Do you feel that Gen. Noriega would be crossed out by the United States?

Secretary Shultz. I only deal diplomatically here. We conducted a negotiation in good faith that was very detailed, with people who I have no doubt were dealing on his behalf. I've described the process in broad terms. In the end, the proposition that Gen. Noriega had agreed to have agreed to through his representatives, he couldn't bring himself to agree to when we said, "This has to be agreed to face-to-face, without negotiations."

Q. Will you renew your argument to the Administration to use military force in an attempt to oust Noriega? And if not, what options are there available to the United States to force the ouster of Noriega?

Secretary Shultz. I've seen lots of characterizations of my position

which are not necessarily accurate. I will continue to give my counsel to the President directly, and there are many things we are doing and can do. Our objective remains very clear: We want to create a political opening for a democratic form of government in Panama. We want to help Panamanians create the conditions whereby their economy can flourish. And we want to do everything we can to get at the drug trade and the drug problem in our hemisphere. Those are things we will continue to work at, and relentlessly.

Under Secretary Armacost. I think the Secretary has outlined the objectives and the state of play. I thought you might be interested in a little more detail on what has transpired.

First, along with [U.S. negotiator] Mike Kozak, Col. Gerry Clark has been participating on our side throughout. On the Panamanian side, the principal interlocutors were Romula Escobar, a principal political leader in the Democratic Revolutionary Party (PRD), and Col. Ustinus, the Chief of Staff of the Panamanian Defense Forces.

The arrangements that were discussed in great detail involved the unfolding of the scenario. And the elements of that scenario would have been that, immediately upon the suspension of the International Emergency Economic Powers Act (IEEPA) sanctions on our part, it was anticipated that Gen. Noriega would make a speech in which he would make a number of declarations, among them an announcement of his intent to step down from the Panamanian Defense Forces as commander on August 12 and a call upon the Panamanian legislature to immediately pass legislation which would confine the term of any commander of the PDF to 5 years retroactive to August 12, 1983. In short, his tenure would have been terminated on August 12 as a result of a change in the law.

In addition, he would call upon the various parties in Panama to create a government of national reconciliation and, in that connection, would have called upon the legislature to promptly pass—and this would have been intended to be accomplished within 30 days—legislation to restore fully civil and political rights for all Panamanians.

It was to call for the return of exiles and to provide for amnesty and pardons for all Panamanians who had been detained for political reasons so they could participate in this quest for national reconciliation.

The PDF was to participate as a party in this dialogue for national reconciliation as a result of opposition concerns

that if they were left out, the dialogue might not be meaningful.

He was to declare the government of national reconciliation would have the responsibility to take those measures necessary to ensure elections were held in May of 1989 under a fair and free condition.

He was to take questions following the completion of his speech indicating his plans for the future that included travel outside of Panama, devoting himself to personal affairs, staying out of politics.

We would have expected to then see, following this speech, a process—a political process—commence in which Panamanians of all kinds sought to create a new government. As the Secretary said, our intention was to continue recognizing President Delvalle until some other government, more broadly based, was formed.

It was intended we would—in response to motions filed by Noriega's lawyers to dismiss the indictment against him—acquiesce in a motion to continue that motion until August 12 and acquiesce in the dismissal of the indictment for want of prosecution in the event he performed on his obligation to step down from the Panamanian Defense Force on August 12.

Therefore, what was contemplated was a process that could have begun unfolding immediately, leading to the restoration of freedoms in Panama, the opening of a new political process whose objective would be to create a broadly based government, Noriega's retirement from the PDF on a date certain in the not distant future. And, under circumstances in which he fulfilled his pledge to make such a speech, then we would have, in addition to lifting the IEEPA sanctions, a step which would have been taken—would have indicated—we would not interpose objections to the resumption of normal business practices by American companies or others.

That's, in essence, the outline of what was being discussed.

Q. What was there about his coming back? You didn't mention anything about how long he would have to stay outside of Panama.

Under Secretary Armacost. It was contemplated he would be traveling. It was expected he would wind up a little personal business in the period immediately following his retirement but as of September would travel outside the country, except for a brief family visit at Christmastime, through the period of elections in May of 1989.

Q. And after that could he come back?

Under Secretary Armacost. After that, that would have been the decision of the Panamanian authorities, whoever emerged from the election.

Q. Would Solis Palma, however, stay in power in Panama at least initially?

Under Secretary Armacost. We had no ability to affect the continuing role of Solis Palma initially as the *de facto* government. As I said, we would have recognized Delvalle as the legitimate authority, and we would have encouraged the process of negotiation through which we expected a broader-based government to emerge.

Q. Could you tell us when and how precisely you learned that the deal had fallen through?

Under Secretary Armacost. We got a call from Mike Kozak this afternoon a little after 4:00, indicating—despite expectations this would go through based on discussions with his interlocutors—when presented with the arrangement, Gen. Noriega declined to agree.

Q. And he didn't say specifically what it was about the package?

Under Secretary Armacost. He intimated some anxiety [that] the majors and captains within the armed forces might take strong action against him had he gone through with this.

Q. Many people have commented that this policy originated with you, this was your idea. Can you comment on that? And, secondly, can you go into a little more detail about the extent of support or lack thereof among other countries south of the border for our policy with respect to Panama?

Assistant Secretary Abrams. As to the first, I think it should be obvious by now this is the President's policy and the Secretary's policy.

With respect to Latin countries, as one foreign minister told us just last week, Noriega has no support in any democratic country in Latin America. He does have some, as the Secretary noted, in Cuba and Nicaragua. That's it. There is no support for him in the rest of Latin America. The Latins have made that very clear to us privately and are anxious for some kind of solution that gets him out of Panama.

We will be discussing tonight and tomorrow with a number of governments in Latin America what efforts we can undertake; they can undertake; we can possibly undertake jointly with them to continue toward that goal.

Q. There was a certain finality in what Secretary Shultz had to say about dropping all negotiations. Is the Administration prepared to declare this a policy failure?

Under Secretary Armacost. The negotiation didn't produce the result we had hoped it would produce. As the Secretary said, we've got our objectives, and we'll continue working at it, and we'll review all the options available to us.

Q. And how do you pursue those objectives if you're not going to deal directly with Manuel Noriega?

Under Secretary Armacost. We were dealing with him through these negotiations. He gave us a pretty definitive answer, and I don't really have anything to add to what the Secretary said.

Q. Was a possible military option ever discussed during these negotiations or directly with Manuel Noriega?

Under Secretary Armacost. A military option? I'm not sure—

Q. A U.S. military option to remove Noriega from power.

Under Secretary Armacost. Discussed with Noriega? No.

Q. You mentioned that you were going to be discussing with the Latins possible next steps. What could those be? Noriega thus far has resisted our economic sanctions. He has resisted our diplomatic efforts. The Latins haven't spoken out strongly publicly. We haven't seen splits in the PDF. What is there that makes you think that there's anything the United States can do, with the Latins or without them, to get this guy out of power?

Assistant Secretary Abrams. First, there was actually a coup attempt. I would say that's a pretty good split in the PDF, so I would not say that there were no—

Q. After which he cleaned out the defense forces, however.

Assistant Secretary Abrams. Our information is there remain significant splits in the PDF, and there is, in fact, a recognition on the part of many—in fact, I would correct that and say most in the PDF—that Noriega is a burden now on the country and on the PDF that really has to be lifted.

With respect to the Latins, I think what we will talk about with the democratic countries is what diplomatic steps first they contemplate—and there has been great interest on the part, for example, of particularly Venezuela, Colombia, Costa Rica, Guatemala, and Argentina, in

diplomatic efforts aimed at his removal from power.

So the first question I guess we'll to them is: What ideas do you have? I do you plan to proceed? How can we be helpful? What can we do together, jointly? Is there a role here for multilateral action? Is there a role for multilateral consideration—that is to say, in a multilateral forum? And we will try to be open-minded about it and talk to them about it.

They have been engaged in this effort. They just didn't meet with any success in their diplomatic efforts as we did not in this one.

Q. If I could follow up on your about the PDF; are you saying that there is still a threat of a coup after against Mr. Noriega, if there are splits within the military?

Q. Could we have a verbal response? [Laughter]

Q. Is that something the United States might encourage in some way?

Under Secretary Armacost. It's something that he obviously has to do about.

Q. You mentioned that Noriega that, if he resigned, actions might be taken by majors and captains. What he mean, and how seriously would interpret that?

Under Secretary Armacost. In position where we've had a brief conversation with the negotiator, and we haven't had a chance to have a thorough conversation, so I really can't elaborate.

Q. I take it from your answer no unilateral action by the United States is contemplated, at least over the short term, and that you are into multilateralism now? [Laughter]

Assistant Secretary Abrams. We have had very close contact with a number of Latin American countries on for a year—that is to say, since the Diaz Herarra revelations—personal contacts on the part of number of our ambassadors and people here in Washington, including the Secretary, with Latin foreign ministers, ambassadors here in Washington, and emissaries. We've had a lot of discussion about this, so this is not anything new.

In a number of cases, they were waiting to see how our effort proceeded. But in the short term—meaning tomorrow—sure, the first step is consultation.

Q. In the past, you've been accused of your critics of ignoring a Latin American solution and ignoring the efforts by Costa Rica and Venezuela to try to mediate a solution to this. Are you saying now that you're returning to that Latin American solution?

Assistant Secretary Abrams. No. The efforts by the three ex-presidents, in particular to get Gen. Noriega out of power. They were tried. This particular negotiating effort was tried and also failed to get him out of power. And so obviously we need to get together and reflect on what they did and what we did, and that's the next step.

Q. When the negotiations broke down, did Noriega make any type of offer, or did he just reject outright the offer on the table?

Under Secretary Armacost. As far as I'm aware, he simply rejected the offer outright. He was not prepared to go forward with it.

Q. Early on we heard almost everywhere that Noriega's time is short. In your darkest dreams, did you think that he would hold on this long?

Under Secretary Armacost. Oh, I think everybody had a different estimate of it. I had a different kind of experience with this sort of thing in the Philippines. It was a kind of long-haul struggle. One of the differences has been the engagement of the opposition forces in Panama. It was a rather courageous involvement of the National Civic Crusade opposition groups, but they were not able to more repressive measures. The Philippine public middle-class engaged in a very strong way after the assassination of Aquino, but it was still a struggle. It took months and months. So, I think if you'd ask 10 people, you'd get different estimates from every one of them how long.

Q. But you obviously made this announcement, hoping on the eve of the summit to have some good news to report. Do you think this is going to have an impact on the summit whatsoever—Soviets are going to make any kind of issue out of this?

Under Secretary Armacost. I don't know so, no.

Cuban Independence Day

PRESIDENT'S STATEMENT, MAY 20, 1988¹

Speaking for myself, and I think speaking for the Vice President also, it gives us great pleasure to join with the Cuban-American community in commemorating the anniversary of a great day in the cause of a free Cuba: the establishment of the Cuban Republic 86 years ago. On that day, May 20, 1902, the bonds of friendship between the peoples of Cuba and of the United States were reaffirmed. The birth of the Cuban Republic was the culmination of a long and arduous struggle, of revolts, political imprisonment, executions, and exile. Today that passion for a free Cuba remains alive in the hearts of thousands of Cubans everywhere. Cuban-Americans have demonstrated what a free people can accomplish unencumbered by tyranny, and I am confident that the time will come when the spirit of freedom will reign in Cuba itself.

And let me just say, throughout this Administration, in good times and bad, I've always known that I could look to the Cuban-American community for support. Your support, your friendship has meant more to me than I can say. Having suffered personally the evils of communism, you have an acute understanding of the danger that communist expansion poses to this hemisphere. You have stood in support of people everywhere who seek freedom, such as the people of Nicaragua. And let me assure you, as far as this Administration is concerned, the freedom of Cuba is a non-negotiable demand. We will never, ever, negotiate away the dream of every Cuban-American—a dream that I, too, hold in my heart—that Cuba will again join the family of free and democratic nations.

Only 90 miles of ocean separate the Island of Cuba from the United States, but between our governments is an unbridgeable gulf—the gulf between freedom and tyranny and the rejection of respect for human rights and the rejection of individual freedom. "Within the revolution, everything," Castro has proclaimed,

"against the revolution, nothing." Well, "nothing" has meant no freedom of speech, assembly, religion, or economic activity. "Nothing" has increasingly meant a Cuba dependent on subsidies from the Soviet Union to keep its unworkable communist economy from complete ruin. "Everything" has meant every conceivable cruelty, abuse, and torture—to the point that Cuba, today, has the worst human rights record in the entire Western Hemisphere. "Everything" means the Cuban political prisons where, writes that brave freedom fighter, Armando Valladares, Castro's prisoners "have been held longer than any other political prisoners in Latin America, perhaps in the world. The violence, repression, and beatings are facts of life for them. And today, at this very moment, hundreds of political prisoners are naked, sleeping on the floors of cells whose windows and doors have been sealed. They never see the light of day or, for that matter, artificial light." Denied medical care, even visits, their spirit remains unbroken. If they who suffer so greatly will not negotiate away their freedom with Castro, neither will the United States of America.

Jose Marti said: "One revolution is still necessary: the one that will not end with the rule of its leader. It will be the revolution against revolutions, the uprising of all peaceable men who will become soldiers for once so that neither they nor anyone else will ever have to be a soldier again." Well, at a time when young Cubans are shipped abroad to advance foreign designs, the rulers in Havana are necessarily worried about the new generation's interest in Marti's message.

In this anniversary of the Cuban Republic, I join a million free Cuban-Americans in reaffirming our solidarity with the long suffering Cuban people. In the heart of the Americas, the long night of totalitarian rule cannot endure forever. Long live the dawn of freedom! *Viva Cuba Libre!*

¹Text from Weekly Compilation of Presidential Documents of May 23, 1988. ■

Current Actions

MULTILATERAL

Arms Limitation

Agreement regarding inspections relating to the treaty of Dec. 8, 1987, between the U.S. and the U.S.S.R. on the elimination of their intermediate-range and shorter-range missiles, with annex. Signed at Brussels Dec. 11, 1987.

Entered into force: June 1, 1988

Aviation, Civil

Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591). Done at Buenos Aires Sept. 25, 1968. Entered into force Oct. 24, 1968. TIAS 6605.

Adherence deposited: San Marino, May 13, 1988.

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.

Accessions deposited: Belorussian S.S.R., U.S.S.R., Feb. 3, 1988.^{1,2}

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.³

Signature: Maldives, May 19, 1988.

Ratification deposited: Honduras, May 26, 1988.

Fisheries

Pacific Island regional fisheries treaty, with annexes and agreed statement. Done at Port Moresby Apr. 2, 1987. [Senate] Treaty Doc. 100-5.

Ratification deposited: U.S., June 15, 1988.

Entered into force: June 15, 1988.

Maritime Matters

Convention for the suppression of unlawful acts against the safety of maritime navigation, with protocol for the suppression of unlawful acts against the safety of fixed platforms located on the Continental Shelf. Done at Rome Mar. 10, 1988.³

Signatures: Argentina, Austria,⁴ Bahamas, Brazil, Bulgaria, Canada, Chile, Costa Rica, Ecuador, France, Greece, Hungary, Israel, Italy, Jordan, Liberia, Morocco, Norway, Philippines, Sweden, Switzerland,⁴ Turkey,² U.S., Mar. 10, 1988.

Narcotic Drugs

Single convention on narcotic drugs. Done at New York Mar. 30, 1954. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Protocol amending the single convention on narcotic drugs (TIAS 6298). Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Accession deposited: Somalia, June 9, 1988; Uganda, Apr. 15, 1988.

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985. [Senate] Treaty Doc. 99-9.

Accession deposited: Uganda, June 24, 1988.

Enters into force: Sept. 22, 1988.

Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987.³ [Senate] Treaty Doc. 100-10. Signatures: Australia, June 8, 1988; Chile, June 14, 1988.

Ratification deposited: Norway, June 24, 1988.

Rubber

International natural rubber agreement, 1987, with annexes. Done at Geneva Mar. 20, 1987.³ [Senate] Treaty Doc. 100-9.

Acceptance deposited: Japan, June 3, 1988.

Seabeds

Provisional understanding regarding deep seabed matters. Signed at Geneva Aug. 3, 1984. Entered into force Sept. 2, 1984.

Entered into force for the Netherlands: June 20, 1988.⁵

Sugar

International sugar agreement, 1987, with annexes. Done at London Sept. 11, 1987. Entered into force provisionally Mar. 24, 1988.

Accession deposited: Malawi, June 9, 1988.

Ratifications deposited: Cuba, June 2, 1988;

Swaziland, Apr. 28, 1988.

Telecommunication

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986. [Senate] Treaty Doc. 99-6.

Accession deposited: Vanuatu, Mar. 30, 1988.

Ratification deposited: Nicaragua, Feb. 17, 1988.

Trade

Agreement on the implementation of Art. VI of the General Agreement on Tariffs and Trade (anti-dumping code). Done at Geneva Apr. 12, 1979; entered into force Jan. 1, 1980. TIAS 9650.

Acceptance deposited: New Zealand, May 6, 1988.⁶

BILATERAL

Bangladesh

Agreement amending the agreement for sales of agricultural commodities of Mar. 8, 1982, as amended (TIAS 10483, 10642). Effected by exchange of letters at Dhaka May 15, 1988. Entered into force May 15, 1988.

Brazil

International express mail agreement, with tailored regulations. Signed at Brasilia and Washington Apr. 7 and May 11, 1988. Entered into force May 11, 1988.

Supersedes agreement of Mar. 23, 1972 (TIAS 8792).

China

Agreement amending the agreement of Feb. 1988, concerning trade in textiles and textile products. Effected by exchange of letters at Beijing May 24 and 26, 1988. Entered into force May 26, 1988.

Denmark

Agreement amending the agreement of Mar. 25, 1985, as extended, concerning a Danish-American Fund for the exchange of technology. Signed at Copenhagen May 2, 1988. Entered into force May 2, 1988; effective Apr. 1, 1988.

Dominican Republic

Agreement for sales of agricultural commodities, with memorandum of understanding. Signed at Santo Domingo June 30, 1987. Entered into force: June 1, 1988.

Agreement relating to and amending the agreement for sales of agricultural commodities of June 30, 1987. Signed at Santo Domingo Apr. 29, 1988. Entered into force June 1, 1988.

Agreement amending the special access agreement (Caribbean Basin), of Dec. 18, 1986, amended, relating to trade in cotton, wool, manmade fiber textiles and textile products. Effected by exchange of notes at Santo Domingo Apr. 22 and May 4, 1988. Entered into force May 4, 1988.

El Salvador

Agreement for the sale of agricultural commodities. Signed at San Salvador Mar. 10. Entered into force on a date to be determined by exchange of notes indicating that the internal procedures of both countries have been completed.

Finland

Agreement for relief from double taxation earnings from operation of ships and aircraft. Effected by exchange of notes at Helsinki 8 and 22, 1988. Entered into force Apr. 2, 1988.

France

Memorandum of understanding concerning exchange of energy-related information in the area of enhanced oil recovery. Signed at Washington and Paris Jan. 27 and Feb. 10. Entered into force Feb. 16, 1988.

Agreement extending the agreement of 1983 (TIAS 10753), for cooperation in the radioactive waste management. Effected by exchange of letters at Washington and Paris 27 and May 10, 1988. Entered into force May 10, 1988.

German Democratic Republic

Agreement amending and extending the agreement of Apr. 13, 1983, concerning fisheries on the coasts of the U.S. (TIAS 10687). Effected by exchange of letters at Washington and Berlin 13 and May 10, 1988.

exchange of notes at Washington Jan. 14 and Feb. 2, 1988. Enters into force following written confirmation of the completion of the two governments' internal procedures.

Agreement amending and extending the memorandum of understanding of Apr. 28, 1986, and the memorandum of understanding of Apr. 19, 1985, concerning air services. Effectuated by exchange of notes at Athens Apr. 25 and May 4, 1988. Entered into force May 4, 1988; effective Apr. 25, 1988.

Agreement concerning relief from double taxation on earnings derived from the operation of ships and aircraft. Effectuated by exchange of notes at Washington June 10, 1988. Entered into force June 10, 1988.

Agreement amending agreement of Aug. 27, 1986, as amended, relating to trade in textile and textile products. Effectuated by exchange of notes at Washington Apr. 5 and 14, 1988. Entered into force Apr. 14, 1988.

Agreement amending the agreement of Nov. 9, 1985, as amended, for sales of agricultural commodities. Effectuated by exchange of notes at London Apr. 29 and May 2, 1988. Entered into force May 2, 1988.

Agreement for cooperation concerning peaceful uses of nuclear energy, with annexes, signed at Tokyo Nov. 4, 1987. Entered into force: July 17, 1988. Replaces agreement of Feb. 26, 1968, as amended (TIAS 6517, 7306, 7758).

Agreement on cooperation in research and development in science and technology, with annexes and exchanges of letters. Signed at Paris June 20, 1988. Entered into force June 20, 1988.

Agreement extending the agreement of Nov. 26, 1976 (TIAS 8456), as extended, relating to scientific and technical cooperation. Effectuated by exchange of notes at Seoul May 6, 1988. Entered into force May 6, 1988; effective May 7, 1988.

Agreement on logistics support agreement, with annexes. Signed at Seoul June 8, 1988. Entered into force June 8, 1988.

Agreement amending the international express mail agreement, with detailed regulations. Signed at Antananarivo and London Apr. 28 and May 26, 1988. Entered into force July 15, 1988.

Agreement relating to investment guarantees. Effectuated by exchange of notes at Colonia Feb. 10 and Mar. 3, 1988. Entered into force Mar. 3, 1988.

Morocco

Agreement for sales of agricultural commodities, with memorandum of understanding. Signed at Rabat June 25, 1987. Entered into force June 25, 1987.

International express mail agreement, with detailed regulations. Signed at Rabat and Washington Mar. 18 and May 11, 1988. Entered into force June 1, 1988.

Panama

Agreement amending the arrangement of Jan. 15, Feb. 8, and Mar. 28, 1941 (EAS 221), providing for relief from double income tax from shipping profits. Effectuated by exchange of notes at Panama July 30 and Dec. 30, 1987. Entered into force Dec. 30, 1987; effective with respect to taxable years beginning on or after Jan. 1, 1987.

Philippines

Agreement for sales of agricultural commodities. Signed at Manila Apr. 19, 1988. Entered into force Apr. 19, 1988.

Agreement amending the agreement of Apr. 19, 1988, for sales of agricultural commodities. Signed at Manila May 23, 1988. Entered into force May 23, 1988.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Manila May 16, 1988. Entered into force June 17, 1988.

Sri Lanka

Agreement amending the agreement of Dec. 3, 1987, for sales of agricultural commodities. Effectuated by exchange of notes at Colombo May 20, 1988. Entered into force May 20, 1988.

Switzerland

Supplementary agreement amending the agreement on social security of July 18, 1979, with supplementary administrative agreement (TIAS 9830). Signed at Bern June 1, 1988. Enters into force on the first day of the month following the date of the last notification by the parties of completion of their respective statutory and constitutional procedures.

Trinidad and Tobago

International express mail agreement, with detailed regulations. Signed at Port of Spain and Washington Nov. 3 and Dec. 7, 1987. Entered into force July 1, 1988.

Tunisia

Agreement amending the agreement of Mar. 16, 1988, for sales of agricultural commodities. Signed at Tunis May 12, 1988. Entered into force May 12, 1988.

U.S.S.R.

Treaty on the elimination of intermediate-range and shorter-range missiles, with memorandum of understanding and protocols. Signed at Washington Dec. 8, 1987. Ratifications exchanged: June 1, 1988. Entered into force: June 1, 1988.

Agreement extending the agreement of June 21, 1973, as amended and extended (TIAS 7655, 10757), on scientific and technical cooperation in the field of peaceful uses of atomic energy. Effectuated by exchange of notes at Moscow May 31, 1988. Entered into force May 31, 1988.

Agreement on notifications of launches of intercontinental ballistic missiles and submarine-launched ballistic missiles. Signed at Moscow May 31, 1988. Entered into force May 31, 1988.

Agreement on mutual fisheries relations, with annexes. Signed at Moscow May 31, 1988. Enters into force on the date of the exchange of notes notifying the completion of internal procedures of both parties.

Agreement on maritime search and rescue, with exchange of letters. Signed at Moscow May 31, 1988. Enters into force on the date the parties notify each other in writing that necessary internal procedures have been completed.

Agreement on the conduct of a joint verification experiment relating to nuclear testing, with annex. Signed at Moscow May 31, 1988. Entered into force May 31, 1988.

Agreement on the establishment of joint Loran-C and Chayka radionavigation systems, with annex. Signed at Moscow May 31, 1988. Enters into force on the date the parties notify each other in writing that necessary internal procedures have been completed.

Agreement amending the agreement of Apr. 15, 1987 concerning cooperation in the exploration and use of outer space for peaceful purposes. Effectuated by exchange of notes at Moscow May 31, 1988. Entered into force May 31, 1988.

Agreement on cooperation in transportation science and technology, with annexes. Signed at Moscow May 31, 1988. Entered into force May 31, 1988.

United Kingdom

Agreement extending the agreement of July 26, 1984, as extended, concerning the Cayman Islands and narcotics activities. Effectuated by exchange of notes at Washington May 25, 1988. Entered into force May 25, 1988; effective May 29, 1988.

Venezuela

Agreement extending the implementing agreement of Oct. 29 and Nov. 9, 1982, as extended, regarding air transport services. Effectuated by exchange of notes at Washington Apr. 26 and 28, 1988. Entered into force Apr. 28, 1988; effective May 1, 1988.

Zambia

Agreement on civil aviation security. Effectuated by exchange of notes at Lusaka Feb. 16 and Mar. 28, 1988. Entered into force Mar. 28, 1988.

Agreement for sales of agricultural commodities. Signed at Lusaka Apr. 25, 1988. Entered into force Apr. 25, 1988.

International express mail agreement, with detailed regulations. Signed at Ndola and Washington Apr. 25 and May 16, 1988. Entered into force June 15, 1988.

¹ With statement.

² With reservations.

³ Not in force.

⁴ Not a party to the protocol.

⁵ For the Kingdom in Europe.

⁶ Not extended to Cook Islands, Niue, or Tokelau. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
101	6/2	Shultz: interview on PBS-TV's "MacNeil-Lehrer Newshour," Moscow, May 31.
102	6/3	Shultz: arrival statement, Cairo.
*103	6/6	Shultz: remarks following meeting with former Soviet Jewish refuseniks, Jerusalem, June 5.
*104	6/7	Shultz: departure remarks and question-and-answer session, Ben-Gurion Airport, Israel, June 5.
105	6/13	Shultz: news conference, Cairo, June 7.
*106	6/10	Program for the official working visit to Washington, D.C., of Prime Minister DeMita of the Republic of Italy, June 13-16.
*107	6/13	Shultz: news conference following North Atlantic Council meeting, Madrid, June 10.
*108	6/10	Shultz: interview on NBC-TV's "Today Show," Madrid.
*109	6/13	Shultz: interview on ABC of Madrid and <i>La Vanguardia</i> of Barcelona, Madrid, June 10.
*110	[Not Issued]	

111	6/15	Shultz: address before UN General Assembly Third Special Session on Disarmament, New York, June 13.
*112	6/15	Shultz: address before the Atlantic Council of the United States, June 14.
*113	6/15	Shultz: interview on USIA's "Worldnet."
*114	6/16	Shultz, Baker: news conference, June 15.
*115	6/17	Shultz: testimony before Subcommittee on Foreign Operations, Senate Appropriations Committee, June 16.
*116	6/17	Shultz: remarks, question-and-answer session before USIA International Advisory Council Conference II, June 16.
117	6/20	Shultz: interview on NBC-TV's "Meet the Press," June 19.
*118	6/20	Shultz: interview on NBC-TV's "Today Show," Toronto.
*119	6/20	Program for the official working visit to Washington, D.C., of Australian Prime Minister Hawke, June 22-24.
*120	6/22	Rush Walker Taylor, Jr., sworn in as Ambassador to Togo, May 26 (biographic data).
*121	6/23	Program for the state visit to the United States of Turkish President Kenan Evren, June 26-July 2.
*122	6/28	Shultz: remarks before the National Foreign Policy Conference for Educators, June 24.
*123	6/28	Shultz: luncheon toast in honor of Turkish President Evren, June 27.
*124	6/28	Schultz: remarks on the opening of the Australian bilateral ministerials, June 28.
*125	6/30	Shultz, Carlucci, Hayden, Beazley: news conference, June 29.
*126	Cancelled.	

*Not printed in the BULLETIN. ■

Department of State

Free single copies of the following Department of State publications are available from the Public Information Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

Arms Control: Progress and Global Challenges, Third UN General Assembly Special Session on Disarmament, New York City, June 13, 1988 (Current Policy #10).

Africa

The Potential Impact of Imposing Sanctions Against South Africa, Deputy Secretary Whitehead, Senate Foreign Relations Committee, June 22, 1988 (Current Policy #1).

Canada

U.S.-Canada Free Trade Agreement, June 1988 (Public Information Series).

East Asia

The United States in the Changing Asia of the 1990s, Under Secretary Armacost, Japan America Society of New York, New York City, June 6, 1988 (Current Policy #107).
China and the U.S.: present and future, Under Secretary Armacost, National Council for United States-China Trade, June 1, 1988 (Current Policy #1079).

Association of Southeast Asian Nations (ASEAN), June 1988.

U.S. Export Controls and China (GIST, June 1988).

Economics

The United States in the World Economy Under Secretary Wallis, World Affairs Council, Baltimore, May 10, 1988 (Current Policy #1076).

Middle East

U.S. Policy in the Middle East, June 1988 (Selected Documents #27).

Narcotics

International Narcotics Control (GIST, June 1988).

The Drug Problem: Americans Arrested Abroad (GIST, June 1988).

Western Hemisphere

Regional Brief, Nicaraguan Compliance with the Central American Peace Plan, June 1988 (Public Information Series). ■

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Department of State ***bulletin***

Volume 88 / Number 2138 / September 1988

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service. The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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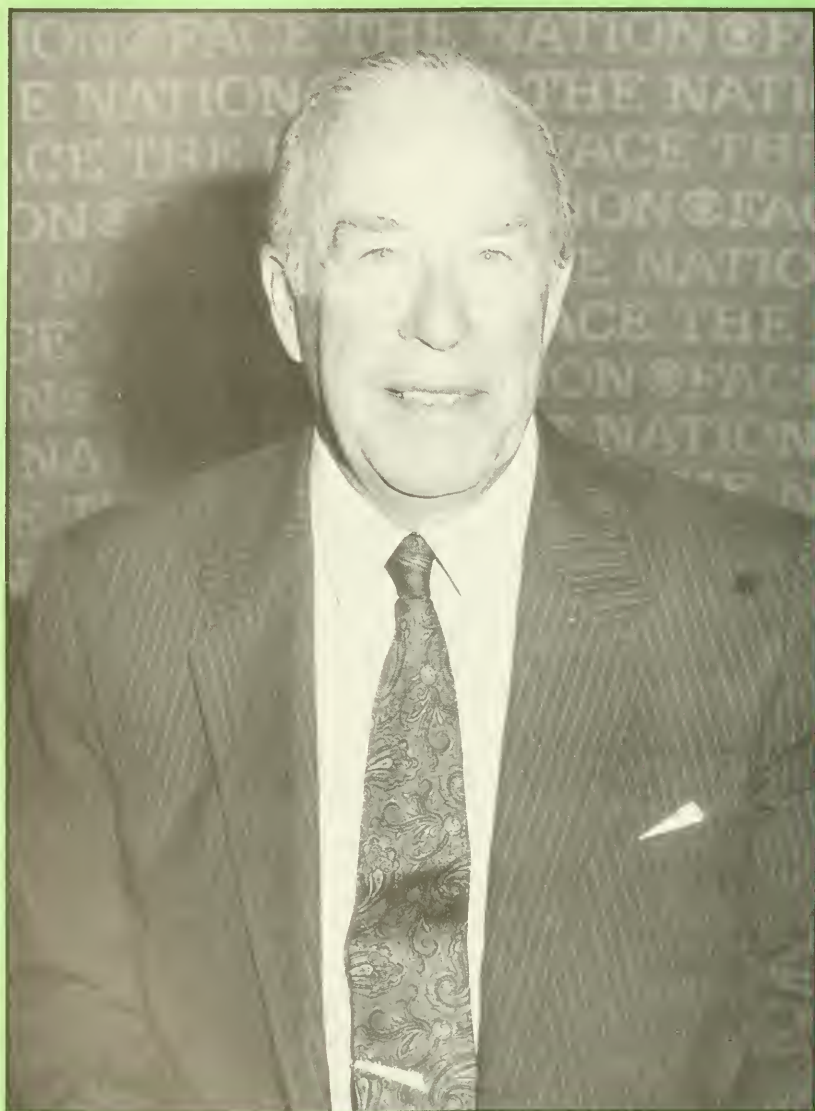
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Secretary's Interview on "Face the Nation"

Secretary Shultz was interviewed on CBS-TV's "Face the Nation" on July 31, 1988, by Lesley Stahl.¹

King Hussein of Jordan has dissolved the lower parliament in his country, which represents the interests of the Palestinians of the West Bank. He appears to be removing himself, eliminating himself, as a partner in any future peace talks with Israel. Is that the way you read his move?

A. He has to be a partner—and everybody recognizes that—because Jordan has the longest border with Israel of any Arab state. So if there is going to be peace between Israel and its neighbors, then Jordan is involved. What he's doing, I think, is registering that the Palestinians living on the West Bank and Gaza have asserted themselves as wanting to speak for themselves, and so the King is registering that fact.

How, exactly, this will play out in the end remains to be seen, but that's what's happening.

Q. Does it force Israel to now recognize that it will sit and talk with the Palestine Liberation Organization (PLO)?

A. No, it doesn't. That's there, and I think that the PLO, if it wants to be a partner in a peace process, has to change its ways. The position of the United States has been stated repeatedly, and that remains our position.

Q. It does? Because that raises the next question, which is that Egyptian President Mubarak has indicated that the United States is now willing to meet with members of the PLO and is, in fact, in the process, he says, of searching out PLO members to talk to.

A. No, that's not correct. That is, it's correct that he said something like that, but it isn't correct that we're doing that. We are and always have been ready to meet with Palestinians, and we've met with some, and I've tried to organize—

Q. But they're all members of the PLO—

A. No, no, they aren't all members of the PLO, but there are—obviously, there are credible people who aren't.

And it's also true that we need to keep the pressure on the PLO to recognize that Israel is there, Israel is going to stay there—it's a fact of life—and they might as well accept that fact. And they ought to stop the terrorism, and recognize that [UN Security Council Resolutions] 242 and 338 are the roads to peace.

Q. But isn't King Hussein's move, in effect, a recognition that the PLO is always going to be there, that the PLO is the legitimate leader of the Palestinians? And doesn't it put pressure on you—and on Israel—to find a way to deal with the PLO?

A. It has been the view of the Arab states—and they've stated it repeatedly, going back to the Rabat conference—that the PLO is the sole, legitimate representative of the Palestinian people. That's their statement.

The problem with the PLO is that as long as they continue the way they are, which basically calls for the elimination of Israel as a state and uses terrorist tactics, they are not a suitable peace partner.

Q. But does what King Hussein has done increase the pressure on you and Israel to find some way to talk directly—to talk directly—even before the PLO changes its charter or whatever the conditions are for these talks?

A. No.

Q. Why not?

A. We will stay right where we are; that we're ready to talk with them when they take certain steps, which are very clear, and as far as I can see, not too onerous. After all, Israel is there. Israel is going to stay there. We're going to continue to support them.

Q. Talking to governments that disagree with us, or have committed acts of terrorism, obviously raises the question of Iran. It's been reported that President Reagan has sent a message to Iran that the United States would like to have talks with an authoritative member of the government.

I assume we've gotten no response. But what I'm curious about is why you didn't try to have a meeting with your counterpart in the Iranian

Government who is in New York for the peace talks—their Foreign Minister. Why didn't you try to have a meeting with him?

A. Here is our policy toward Iran, in terms of this dimension. First of all, we have stated repeatedly that we're prepared to have direct talks with them. Second, what are we going to talk about? We're going to talk to them about what it takes for them to become more a part of the civilized community—stop the war, stop being involved in terrorism, stop promoting the use of hostages. And when they do those things, then there is a prospect of more normal relations with us.

Q. Yes, but why didn't you try to talk with this man? You know, you sent a message of being willing to talk—he's in our country.

A. We don't have to go running around after people. It's important to Iran to have a relationship with the United States, and that will emerge in due time.

Q. I take it they have not responded to the President's message. Is that correct?

A. I don't know what you call response, so I'll just leave it at that.

Q. Now, you've intrigued us with that.

A. I know.

Q. What does that mean? Have we gotten so—

A. I said I'll just leave it at that.

Q. Give us a hint. Have we gotten some kind of a third-party or indirect response?

A. There is constantly that sort of thing, but it's important, we think, to have an authoritative channel to the Government of Iran so you know who you're talking to, and that's what we are waiting for.

Q. If their Foreign Minister, who is now in New York, gave some signal that he would be willing to talk, would you sit down with him?

A. Sure.

Q. Would you do that? Right now?

A. Oh, sure.

Q. Right now. The Iranians have said that if we unfreeze their assets—

A. I don't know that it's necessarily the right way to start, to have the foreign ministers meet. It may be that there's some other way. But at any rate, we have stated our policy, and if the conditions emerge, we'll do that.

Q. He's certainly authoritative. You'd have to—

A. I think he is an authoritative spokesman.

Q. I hope he's listening. Anyway, the Iranians have said that if we unfreeze their assets that we've been holding for years, ever since Jimmy Carter froze their assets, that they would use their influence to release our hostages.

There are two different kinds of assets: one is weapons and the other is money. What would be so wrong about us unfreezing the money aspect as a signal of good will, or whatever, and hope that our hostages are set free?

A. In the first place, we have to separate the question—the humanitarian question—of releasing hostages, which should be done, from all of these financial and other considerations.

Second, there is in operation a claims tribunal in The Hague that hears claims, that judges the disposition of assets, and these financial claims work their way through that. There has been a huge amount of claims settled and money paid back and forth through that process.

Q. Couldn't we speed that up? Couldn't we send a little signal to speed that up? I mean, it wouldn't be the same as ransom because it's their money.

A. The tribunal is operating in a satisfactory way.

Q. No speeding up?

A. It has its own pace, and you know it takes awhile to put a case forward and have—the justices are there, they can go as fast as they want.

Q. I ask you this question because there has begun to be some criticism that the Reagan Administration has boxed itself into a corner because it's embarrassed over the Iran arms-for-hostages sale, and then—

A. No, no, no, no.

Q. —and that you're getting too inflexible.

A. The Iran arms sales thing was an aberration, and we have a constant policy. We stay on that course. We're not boxed into anything. As far as claims are concerned, there is a tribunal that hears the cases, that pays the money back and forth. That's an ongoing process. It's working, and there's no reason to disrupt it.

Q. *U.S. News & World Report* says this week that negotiations are underway, and that they are either direct or indirect, and that the deal involves release of the hostages, unfreezing the assets, and normalization of relations, and that these talks, either with a third party or whatever, are ongoing.

Can you categorically deny that there are any kind of negotiations, direct or indirect, taking place or being pursued?

A. There are all sorts of things that are said. [Speaker of Iran's Parliament] Rafsanjani has made public statements. The President has made his statements. I don't know what you call that. And I have stated our policy here. And if people want to describe that as addressing the issue, they can. But as far as any direct discussions with Iran are concerned, there aren't any.

Q. You have talked about these lower-level feelers—

A. We have. We have representative countries, our so-called protecting power, which delivers messages on our behalf from time to time, and Iran does the same.

Q. You talked earlier about, suggesting that maybe there has been some kind of message in response to the President's message to the Iranians. Is there some bubbling, in sort of these lower levels, toward an agreement that would involve those three legs I mentioned?

A. All over the world right now, there is unusual diplomatic fluidity that has emerged in Asia, in all parts of the world—southern Africa—

Q. You're changing the subject.

A. No, I'm not. I'm pointing up the fact that this break which has taken place in the Iran-Iraq war, with all of its implications about a rearrangement of the diplomatic status of various countries, is part of a process, I think, that's potentially very fruitful. And we are on top of it. We have promoted it.

Our policies are, in some respects, responsible for it, and I think the President's policies, as [Deputy Secretary John Whitehead said in an article the other day, are "on a roll."

Q. When diplomats talk like the people like Lesley Stahl look for little tea leaves or little signals.

A. Sure.

Q. The Soviets were recently in Tehran. Have they brought messages out about some kind of a deal, or whatever?

A. You'll have to ask them.

Q. Is that what you were trying to suggest?

A. No, we haven't gotten any messages about Iran from the Soviets.

Q. Okay. I wanted to ask you about a *New York Times* report.

A. We will have talks with the viets on the Middle East and the Iraq war and Afghanistan, in Geneva starting to take place tomorrow. And we'll have them on southern Africa day and tomorrow.

Q. You're not connecting it—

A. There's a huge amount going on.

Q. The *New York Times* has a intriguing story this morning, say that the Administration is working out a compromise with the American Jewish community to sell arms to Kuwait, that the Kuwaitis have made a proposal, and that you are negotiating with the American Jewish community in a deal that would allow most of those weapons to be sold to Kuwait. Is that true?

A. There is, publicly, a proposed sale of F-18 aircraft and associated weaponry to Kuwait. That is on the table before the Congress, and it's in the regular process that those arms sales go through. And there has been a lot of discussion between the Administration, Members of the Congress, and the Government of Kuwait that, just, potentially, exactly what's in the sale a little bit. That's obviously been discussed with interested parties, and I think that it is pretty well set now.

Q. So, it's true?

A. It's not as though you're discovering something. This is a public statement to the Congress.

Q. This raises the whole question, doesn't it, of the proliferation of high-tech weaponry in the Middle East, with Iraq using chemical warfare, and both sides—all sides now—using ballistic missiles? What is our policy? Do we have a policy to try to limit the proliferation of ballistic weapons, chemical weapons in the Middle East?

A. Yes, we do, all over the world. I think there are three categories of weapons that are particularly disturbing and destabilizing: one is any potential threat of proliferating nuclear weapons; second is the emerging threat of proliferation in use of chemical weapons; and third is the potential proliferation of ballistic missiles used to deliver them. Those three things are very destabilizing potentially. We have a good clear nonproliferation regime in place.

Q. But get back to the sale to wait.

A. We have been working on the missile side, and we are also working very hard—and I might say, constructively—with the Soviets on the question of chemical weapons.

Q. What about Iraq? Do we have any influence, any ability to—

A. We have sounded off very strongly about Iraq's use of chemical weapons right from the first time.

Q. Yes, but now that this war is winding down, do we have any ability to force the nations in the Middle East, to pressure them into destroying all their chemical weapons stores?

A. What we are doing is working with many other countries—around—in Geneva to negotiate a ban on chemical weapons. And we've made a lot of progress with that.

Q. The genie out of the bottle!

A. That's the problem; the genie is out of the bottle, and it's very important to all of us—you, me, everybody—stuff that genie back in the bottle. That's what we're trying to do.

Q. You're leaving tomorrow for Central America. *The New York Times* again has a story—

A. I'm leaving for South America, Central America.

Q. *The New York Times* has a story that two of the four Central American countries have rejected a U.S. effort to strongly denounce Nicaragua in a communiqué. Have they rejected your effort to really slam the Sandinistas rhetorically?

A. No, they haven't. What has happened is that during the time between my last visit, about a month ago, and this one, there have been a lot of discussions. And a possible statement that might be made was gotten up—mostly, it was written by the Central American Foreign Ministers, their offices, not by us. So we're not trying to ram anything down anybody's throat.

Q. You're saying they're rejecting their own statement?

A. And having drafted it, they're not so sure that they want to issue it. Anyway, when I get there tomorrow, we're going to have a discussion of it. Personally, I hate to spend all my time discussing communiqués, because there's a lot of work to do, things that people should be taking action on, and that's what I hope we'll discuss mostly.

¹Press release 164 of Aug. 1, 1988. ■

Negotiations on Angola and Namibia

DEPARTMENT ANNOUNCEMENT, JUNE 20, 1988¹

The Government of Egypt has announced that it will host a second round of the negotiations on a regional settlement involving Namibian independence and the departure of all foreign forces from Angola and Namibia. The talks will take place in Cairo June 24–25 and will continue the effort begun at the May 3–4 meeting in London. As was the case in London, delegations of the Republic of South Africa, the People's Republic of Angola/Republic of Cuba, and the United States will take part in the Cairo meeting.

We greatly appreciate the state-mandate initiative of the Government of Egypt in hosting this round of the negotiations. The acceptance of the Government of Egypt's invitation by all parties attests to Egypt's stature as a founding member of the Organization of African Unity (OAU) and a consistent supporter of the peaceful resolution of African problems. This process has elicited growing African diplomatic support and occurs against the backdrop of intensified allied and U.S.-Soviet consultations on southern Africa.

JOINT COMMUNIQUE, JUNE 25, 1988

On June 24–25, 1988, delegations of the People's Republic of Angola/Republic of Cuba, the Republic of South Africa, and the United States of America met in Cairo to continue work begun at the May 3–4 meeting in London toward a regional settlement of the conflict in southwestern Africa. Further progress was made and a plan of work was developed for continuing exchanges at the level of experts to expand on the progress made in Cairo. The parties

agreed to meet at the experts' level during the week of July 11 at a venue in the United States. The delegations expressed their deep appreciation to the Government of Egypt for its initiative in providing a venue and superb facilitative support for the meeting.

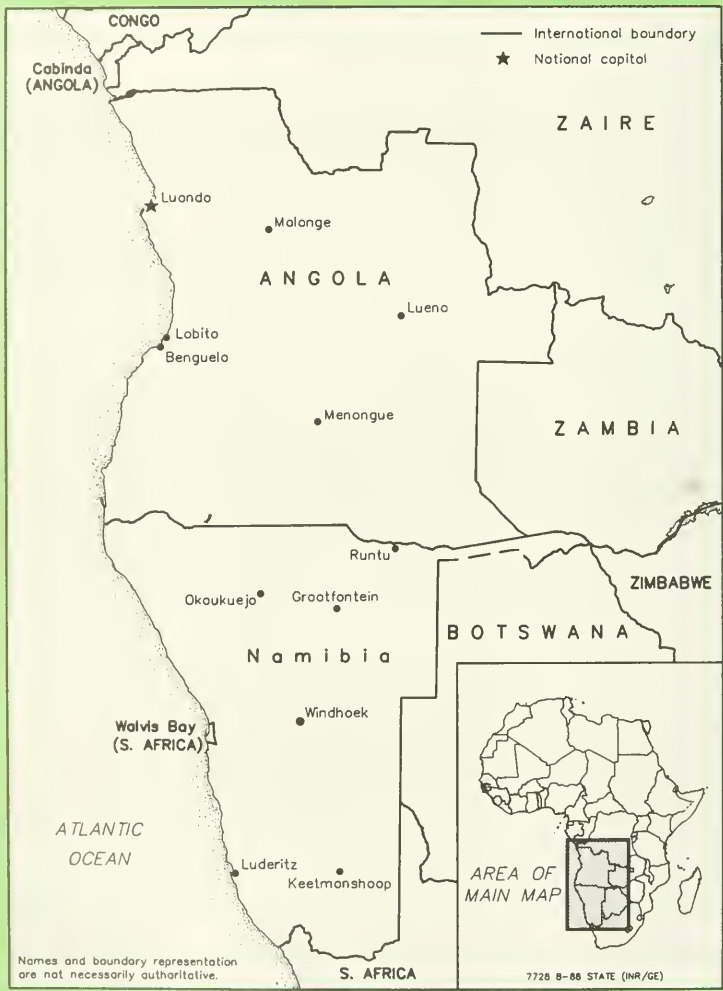
ASSISTANT SECRETARY CROCKER, JUNE 25, 1988²

I believe you all received a copy of the joint communiqué issued by the delegations here at Cairo. So I will not repeat it, but its basic points are very clear.

The delegations have made certain progress here which they wished to register in this communiqué, and they have decided that they wish to continue the exchanges next time at the expert level to build on the progress made here. The parties have agreed to meet within the next 2 weeks, in the week of July 11, in the United States. I will add to this a brief opening statement from the U.S. perspective.

These meetings have taken place against a backdrop of other developments which is worth briefly noting. As you know, there were useful talks conducted in London in early May, and these have been followed by a number of other events.

There has been a continuing movement in a dangerous military direction on the ground in southern Africa. On the more positive side, there have been a number of bilateral contacts, most notably between ourselves and the Soviet Union during the Moscow summit. Those contacts have continued both before and since that summit, and it is very clear, I think, from what has been said publicly that we and the Soviets believe that this very difficult regional



is one that should be worked out, progress should be made, a settlement could be achieved.

The same points were registered recently at the Toronto summit of Western seven economic powers in which full support for this negotiating process was registered by the summiters.

I would like next to make a few points concerning the hospitality and facilities and the strong diplomatic support provided by the Government of Egypt for this process. As the committee indicates, the facilities and support were quite simply superb, and they represent yet another reflection of efforts of the Government of Egypt to play a leading role in the search for peace in cooperation with us and with others around the world. Egypt, as I don't need to remind you, is in the forefront of efforts to achieve peace in the Middle East. Now with this meeting, it placed itself in the forefront of efforts to achieve something which is of the highest priority to the Continent of Africa. We value the initiative that was taken by the Government of Egypt, as have the other parties represented in these talks.

The talks have just concluded with issuance of this joint communique, and in a final plenary meeting the participants confirmed that they are looking forward with hope toward the results of the next meeting.

Let me try and briefly describe what was accomplished here. I think, therefore, one can say that the positive atmosphere achieved in London at the beginning of May was restored and established here in Cairo. Secondly, I think the agreement to meet in the very near future at a senior expert level is an important sign and provides a basis to test whether or not there is on both sides a genuine desire to get the problem solved. During the course of the meetings, and there were a number as you know, proposals and suggestions were exchanged in both directions, and those proposals and ideas remain on the table as a basis for continuing work in the near future at an expert level. There has been a measure of agreement on how to proceed.

As in any negotiation, the place where you start is by establishing whether or not there is an agreement on basic principles, which can then be translated into a concrete agreement or series of agreements mutually supporting each other. So I would describe the progress here as being

concentrated on this procedural issue of how to approach getting down to actual agreed texts of language which would reflect the commitments and undertakings of the parties.

It is obvious, having said that, that there remains a great deal of substantive work to do, work which was only touched upon here and which remains to be done in the meetings that take place in the near future and meetings after that.

Finally, I think it is clear that these discussions here in Cairo reveal that the parties have decided to keep their diplomatic options open and alive and to pursue them further at a time when the military situation on the ground can only be described as containing dangerous risks of military confrontation, involving significant forces which are directly facing each other on a large scale.

DELEGATIONS' STATEMENT, JULY 13, 1988³

Delegations of the Republic of South Africa, the People's Republic of Angola/Republic of Cuba, and the United States of America met on July 11-13, 1988, at Governors Island, New York, to continue efforts to achieve a settlement of the conflict in southwestern Africa. The discussions took place in a constructive spirit and were positive and productive.

Building upon the foundations made at London and Cairo, the delegations at New York achieved agreement, *ad referendum* to their governments, on a basic document entitled "Principles for a Peaceful Settlement in Southwestern Africa." Pending the approval of governments, they further agreed that the next objective in the negotiations is to translate these basic principles into agreements on a comprehensive settlement. The delegations also discussed ways to create a climate in the region to achieve further progress in the negotiations. Recognizing the need for a further acceleration of the pace of work, the delegations agreed to meet again at the senior expert level during the first week of August.

The delegations of the Republic of South Africa, the People's Republic of Angola/Republic of Cuba expressed their appreciation to the Government of the United States of America for its mediation and for providing the venue and facilities for these talks.

PRINCIPLES FOR A PEACEFUL SETTLEMENT IN SOUTHWESTERN AFRICA, JULY 13, 1988⁴

The Governments of the People's Republic of Angola, the Republic of Cuba, and the Republic of South Africa have reached agreement on a set of essential principles to establish the basis for peace in the southwestern region of Africa. They recognize that each of these principles is indispensable to a comprehensive settlement.

A. Implementation of Resolution 435/78 of the Security Council of the United Nations. The parties shall agree upon and recommend to the Secretary-General of the United Nations a date for the commencement of implementation of UNSCR 435/78.

B. The Governments of the People's Republic of Angola and of the Republic of South Africa shall, in conformity with the dispositions of Resolution 435/78 of the Security Council of the United Nations, cooperate with the Secretary-General with a view towards ensuring the independence of Namibia through free and fair elections, abstaining from any action that could prevent the execution of said Resolution.

C. Redeployment toward the North and the staged and total withdrawal of Cuban troops from the territory of the People's Republic of Angola on the basis of an agreement between the People's Republic of Angola and the Republic of Cuba and the decision of both states to solicit the on-site verification of that withdrawal by the Security Council of the United Nations.

D. Respect for the sovereignty, sovereign equality, and independence of states and for territorial integrity and inviolability of borders.

E. Non-interference in the internal affairs of states.

F. Abstention from the threat and utilization of force against the territorial integrity and independence of states.

G. The acceptance of the responsibility of states not to allow their territory to be used for acts of war, aggression, or violence against other states.

Nuclear and Space Arms Talks Open 10th Round

AMBASSADOR KAMPELMAN,
JULY 11, 1988¹

H. Reaffirmation of the right of the peoples of the southwestern region of Africa to self-determination, independence, and equality of rights.

I. Verification and monitoring of compliance with the obligations resulting from the agreements that may be established.

J. Commitment to comply in good faith with the obligations undertaken in the agreements that may be established and to resolve the differences via negotiations.

K. Recognition of the role of the Permanent Members of the Security Council of the United Nations as guarantors for the implementation of agreements that may be established.

L. The right of each state to peace, development, and social progress.

M. African and international cooperation for the settlement of the problems of the development of the southwestern region of Africa.

N. Recognition of the mediating role of the Government of the United States of America.

¹Read to news correspondents by Department deputy spokesman Phyllis Oakley.

²Chester A. Crocker is Assistant Secretary for African Affairs.

³USUN press release 68.

⁴Initiated in New York City by delegations from Angola/Cuba and South Africa. This statement was approved by their respective governments and released publicly by mutual agreement on July 20, 1988. ■

The negotiations on nuclear and space arms begin their 10th round tomorrow, July 12, 1988, in accordance with the agreement in Moscow last month between President Reagan and General Secretary Gorbachev. The U.S. delegation looks forward in a constructive spirit to the resumption of talks with our Soviet colleagues.

We have come a long way since these negotiations began in March 1985. Our talks and the results flowing from them have proven to be historic steps in what we hope will be a firm and continuing process toward peace with human dignity through better understanding and a more stable relationship between us.

The Intermediate-Range Nuclear Forces (INF) Treaty, whose instruments of ratification were exchanged during the Moscow summit, is now in force. It is widely known but worth repeating that this is the first treaty in history actually to reduce nuclear weapons—it eliminates an entire class, reducing to zero all these nuclear missiles that have a range between 500 and 5,500 kilometers. Future historians may well judge the treaty's innovations in verification and openness to have been almost as important as the reductions themselves.

Our talks will continue to address our desire to broaden our areas of agreement. We want to reduce by 50% the number of long-range ballistic missile warheads, those highly accurate and tremendously destructive nuclear weapons that can cross thousands of miles in minutes.

Here, too, we have come a long way and have made significant progress since we began in March 1985. It is important to note that we now have a joint draft text of a strategic arms reduction treaty (START) and its integral protocols. These documents include many key provisions that are completely agreed.

We have agreed that neither we nor the Soviet Union should have more than 6,000 of these strategic warheads, nor more than 1,600 of their launchers. We have also agreed that neither of us should have more than 4,900 warheads in intercontinental ballistic missiles (ICBMs) or submarine launched bal-

listic missiles (SLBMs) or 1,540 warheads on the most powerful "heavy" missiles within that 6,000 limit. We have agreed that neither of us will have more "throw-weight" capability in the remaining arsenals than the amount the Soviets will have after a 50% cut in their throw-weight. We have also agreed on many of the vital details—verification and others—necessary effectively to carry out our objectives.

These agreements, reflected in the joint documents, manifest the intense efforts by both sides that have characterized these talks. But much that is vital still remains to be resolved. Our hope is that this round of talks will resolve most, if not all, of the remaining issues or at the very least significantly narrow the differences between us.

Essentially the main areas of disagreement are these:

- How to deal with the question of limits on sea-launched cruise missiles
- Our desire to place specific sublimits on the numbers of ICBMs;
- How to count air-launched cruise missiles (ACLMs);
- How to verify mobile missiles; and
- How to agree upon the highly technical and specific details indispensable for effective verification.

The START joint draft text represents a truly prodigious amount of constructive negotiation. In a process as important as this one, we must carefully consider each detail, since "the devil is in the details." Verification is case in point. Ambiguities must be resolved so that they will not create problems further down the road. We must be very thorough to ensure that whatever agreement we reach will make the world a safer, more peaceful place. A flawed treaty would not increase stability. With the patience and care that we know are necessary, we intend to proceed expeditiously and constructively.

The United States strongly objects to the Soviet insistence that the vital 50% START reductions we seek cannot be realized without an agreement in defense and space negotiations—a linkage we cannot accept, just as we object to linking a defense and space agreement to the vital INF benefits achieved.

While we oppose linkage, we remain willing to conclude a sound defense and space agreement which stands on its own merits. But we reject Soviet attempts to use these negotiations to have us end our Strategic Defense Initiative (SDI), which is deemed to find a scientific answer to the question of whether defenses against strategic ballistic missiles can be developed. As you will recall, last year General Secretary Gorbachev acknowledged at what we have long said; that the Soviets are doing strategic defense exploration comparable to our own.

We have a shared interest in strategic defenses. It seems logical to us that both seek to negotiate measures to encourage cooperation in the inevitable development of high technology to provide defenses against the highly destructive, nuclear-armed strategic ballistic missiles we are simultaneously seeking to reduce.

Since the beginning of our talks, we have proposed that both of us proceed with this work in a stabilizing manner, within the limits of the Anti-Ballistic Missile (ABM) Treaty and surrounded with as many cooperative arrangements as we can agree upon designed to build confidence between us. Recently we have made notable progress in drafting the joint text of a pre-negotiation protocol designed to build confidence. This protocol includes an agreement to reciprocal exchange of information through the Nuclear Risk Reduction Centers, regular meetings of experts, and mutual observation tests.

We have also agreed on a formula that includes a period of nonwithdrawal from the ABM Treaty. But we have not yet agreed on the draft of a joint text or a separate agreement embodying that formula.

Important unsettled issues include the duration and legal meaning of the nonwithdrawal commitment, what happens during the nonwithdrawal period, and what happens after that period. It seems ludicrous to us to make an additional explicit commitment to the ABM Treaty while our current concerns about Soviet noncompliance with that treaty remain unsatisfied.

What are the prospects for round two? Our leaders have instructed us to continue our efforts "energetically and purposefully." That is what we will do. We have seen how much can be accomplished with good will and hard work. The U.S. delegation will leave no stone unturned in its search for equitable

agreements that will make the world safer for the United States and its allies, for the Soviet Union and its allies, and for mankind.

PRESIDENT'S STATEMENT, JULY 12, 1988²

The United States and Soviet Union open round 10 of the nuclear and space talks in Geneva today.

In over 6 years of negotiation, we have made considerable progress: in START we have agreement on 50% reductions in strategic forces, to a ceiling of 6,000 warheads on 1,600 strategic nuclear delivery vehicles, and subceilings of 4,900 ballistic missile warheads, and 1,540 warheads on 154 heavy missiles. Both sides have agreed that there will be a 50% reduction in throw-weight for Soviet missiles. There is also agreement on a counting rule for heavy bomber armaments and on elements of a verification regime that will include several kinds of on-site inspection, data exchange, and measures to reduce the possibility of cheating. The negotiators have worked out a joint draft treaty text that records extensive and significant areas of agreement, as well as remaining areas of disagreement.

In the defense and space forum, we seek agreement on how the United States and Soviet Union can jointly manage a stable transition to increasing reliance on effective defenses—should they prove feasible—which threaten no one. Our negotiators will work on a joint draft text of a separate agreement on defense and space issues, reflecting the principles General Secretary Gorbachev and I outlined at the Washington summit in December 1987. At the outset of the defense and space talks, few expected that we could have come as far as we have. Our SDI program has provided an important incentive for the Soviets to negotiate seriously. It is also our best hope for a safer world. We have made clear to the Soviets that we will not bargain SDI away nor accept any provisions that would cripple our research, development, and testing program, which is in full compliance with the ABM Treaty.

Since the end of the last round, additional progress was made on a number of issues. In the joint statement issued at the Moscow summit, we and the Soviets identified some common ground with respect to concepts for verification of mobile missiles—should

they be permitted in a START treaty—and on dealing with air-launched cruise missiles. It remains the U.S. position to seek a ban on mobile missiles unless effective verification provisions can be found for limitations on them. The discussions in Moscow were a sound beginning but much remains to be done, including translating areas of common ground into precise treaty language.

Many other tough issues remain, however, including issues which affect the fundamental security interests of each side. A major one for the United States is the illegal Soviet radar at Krasnoyarsk.

Ambassadors Kampelman, Cooper, and Hanmer³ and their negotiating teams are returning to Geneva prepared to engage in the discussion and hard bargaining necessary to make headway and to achieve an agreement that meets the criteria we have set: deep reductions, greater strategic stability, and effective verification. Our goal is a good agreement in each area, not a quick one, and we will not take any shortcuts. We have already come a long way toward agreements that will strengthen our security and that of our allies. If the Soviets return to Geneva prepared to make further progress, much more can be achieved.

¹Made on arrival in Geneva. Max M. Kampelman is head of the U.S. delegation on nuclear and space arms talks.

²Text from Weekly Compilation of Presidential Documents of July 18, 1988.

³Henry F. Cooper is chief defense and space negotiator, and Stephen R. Hanmer is chief START negotiator. ■

Nuclear Testing Talks Conclude Round Two

WHITE HOUSE STATEMENT, JUNE 28, 1988¹

The United States and the Soviet Union concluded round 2 of the nuclear testing talks on June 28 in Geneva. The round, which began on February 15, is part of U.S.-Soviet step-by-step negotiations on nuclear testing. The first priority of these talks is agreement on effective verification measures for two existing but unratified treaties—the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty.

During the round, we made considerable progress toward our goal of effective verification of these treaties. The two sides are now close to agreement on the verification protocol for the Peaceful Nuclear Explosions Treaty. Agreement on this protocol will facilitate further progress on the verification protocol for the Threshold Test Ban Treaty. However, in the case of this treaty, the Soviets have insisted that the joint verification experiment (JVE) is necessary before the protocol is finalized.

Preparations for the JVE are well advanced. Based on procedures detailed in an agreement signed in Moscow during the summit, personnel from each side are now on the other's test site,

making arrangements for the experiment. We expect the JVE to be conducted this summer. We believe that the experiment will provide the Soviets the information they need to accept routine U.S. use of CORREX [continuous reflectometry for radius vs. time experiment]—the most accurate method we have identified for verifying compliance with these treaties—for treaty verification.

We hope that with the continued cooperation of the Soviet Union, we will be able to reach early agreement on effective verification measures so that these two treaties can be ratified.

¹Text from Weekly Compilation of Presidential Documents of July 4, 1988. ■

Nuclear Nonproliferation Treaty Celebrates 20th Anniversary

WHITE HOUSE STATEMENT,
JULY 1, 1988¹

Twenty years ago today, 61 nations, including the United States, signed the Treaty on the Non-Proliferation of Nuclear Weapons. This treaty serves as a cornerstone of international efforts to prevent the further spread of nuclear weapons, which is one of the most direct and serious threats to regional and global stability. Nations from around the globe have committed themselves to the treaty and its objectives. Indeed, with 136 parties, the Nonproliferation Treaty has the widest adherence of any arms control treaty in history. The important role of the treaty has been repeatedly reaffirmed. The participants at the third Nonproliferation Treaty review conference in 1985 concluded that universal adherence to the treaty is the best way to strengthen the barriers against proliferation. They urged all states not party to the treaty to accede to it.

The nuclear-weapon states which are parties to the treaty have agreed not to assist non-nuclear-weapon states to acquire nuclear explosives. The non-nuclear-weapon states in turn pledged not to acquire nuclear explosives. These mutual pledges acknowledge that the technology of nuclear weapons and nuclear explosives cannot be distinguished and that their further spread threatens the security of all nations.

The Nonproliferation Treaty also calls for parties to cooperate in the development of the peaceful uses of nu-

clear energy, especially in non-nuclear-weapon states which are parties to the treaty. The peaceful uses of nuclear energy are important to the social and economic well-being of many peoples, and the United States has long been in the forefront of countries providing technical assistance and other cooperation in the nuclear field. We are committed to continuing such cooperation under effective international safeguards. The comprehensive safeguards applied by the International Atomic Energy Agency (IAEA) under the treaty provide essential assurance of the peaceful intent of the nuclear activities of the states involved, thus benefiting all mankind.

The United States has taken the initiative in negotiations to substantially reduce nuclear arsenals as called for in Article VI of the Nonproliferation Treaty. The conclusion by the United States and the U.S.S.R. of the Treaty on the Elimination of Their Intermediate-Range and Shorter-Range Missiles (INF), which entered into force on June 1, is clear evidence of our deep commitment to nuclear arms reductions. This treaty, which contains the most stringent verification measures of any arms control agreement, will eliminate an entire class of U.S. and Soviet nuclear missiles. The United States also continues its negotiations with the U.S.S.R. to complete a treaty to reduce U.S. and Soviet strategic offensive arms by 50%. We are, in addition, committed to seeking effective

and verifiable agreements with the Soviet Union on nuclear testing limitations that could strengthen security for all nations. When discussions of two existing treaties are completed and they are ratified, we are prepared to pursue negotiations on a step-by-step parallel program to limit and ultimately end nuclear testing, in association with a program to reduce and ultimately eliminate all nuclear weapons.

In 1981 the President outlined U.S. policy to prevent the proliferation of nuclear explosives and declared that this issue was critical to international peace as well as regional and global stability. If we are to succeed in halting the spread of nuclear weapons, however, the nations of the world must work together. Each state has a responsibility to refrain from seeking nuclear weapons and to take all steps necessary to avoid contributing to the spread of nuclear weapons through the export of nuclear equipment and technology.

As the President has stated on a number of occasions, he believes that nuclear war can never be won and must never be fought. In order to eliminate the threat of nuclear war, we have sought to achieve deep reductions in the level of nuclear weapons worldwide. The INF agreement is a concrete example of our success. However, in order to completely rid the world of the risk of nuclear war, particularly at the time when the United States and the U.S.S.R. have agreed to reduce their nuclear arsenals, it is equally vital to prevent any further spread of nuclear weapons. The Nonproliferation Treaty is clearly the most important means we have for accomplishing this goal.

The United States played a major role in the negotiation of the Nonproliferation Treaty and, over its lifetime, all U.S. Presidents have strongly supported it. On this, the 20th anniversary of the opening for signature of the treaty, the President calls upon all countries that have not yet adhered to it to do so in order to demonstrate their commitment to preventing the spread of nuclear weapons and to reducing the risk of nuclear war. Further, he urges all parties to the treaty to rededicate themselves to achieving its objectives and to ensuring its continued vitality. This is both our shared responsibility and our contribution to peace for this and future generations.

¹Text from Weekly Compilation of Presidential Documents of July 4, 1988. ■

The United States and the Changing Asia of the 1990s

Michael H. Armacost

*Address before the Japan-America Society of New York on June 6, 1988.
Ambassador Armacost is Under Secretary for Political Affairs.*

I welcome this opportunity to address distinguished members of the Japan-America Society of New York and the Asia Society on the subject of change in Northeast Asia and its consequences for the United States. I hope I will permit me to address the increasingly broader geographic area of East Asia in my remarks. Japan, Korea, and China are part of a larger Pacific Basin economy. Their security interests are directly affected by the instability of Southeast Asia and politically, as well as economically, they have acquired a stake in the resilience of the ASEAN [Association of South East Asian Nations] countries and the Pacific nations.

Although much of my career has been spent in Washington, I have had the privilege of serving in Tokyo and Manila, two capitals which illustrate the diversity and dynamism of the region. In both I have seen firsthand the tremendous changes which have taken place in East Asia in recent decades. No region in the world has demonstrated a greater capacity to generate and accommodate change. That perhaps explains in part the fact that in recent years the Asia-Pacific region has emerged as a world leader in manufacturing, trade, and finance. Japan ranks as the world's second largest economy; current exchange rates, its per capita GNP [gross national product] exceeds that of the United States; and the globalization of the Tokyo stock market surpasses that of the New York Stock Exchange.

We all know, moreover, that in Asia the rapid economic growth is no longer a solely Japanese phenomenon. The "four tigers" of Asia (Korea, Taiwan, Singapore, and Hong Kong) as a group actually register among the world's fastest growth rates; they have become major players in international trade; and their per capita GNP now equals or

exceeds that of some OECD [Organization for Economic Cooperation and Development] members.

But the focus of this conference is on the future. What are the trends that will shape East Asia through the 1990s?

First, the center of gravity of world economic financial power will continue to move toward the Pacific.

- East Asian nations as a group seem likely to have little trouble matching recent annual growth rates of roughly 5% through the rest of this century, permitting the region to produce a combined GNP possibly exceeding that of the United States and the European Community by the year 2000. This would enhance the region's status as the world's most dynamic economic zone and provide it the basis for growing international political influence.

- Assuming a continuation of present policies to liberalize financial, trade, and foreign investment rules, the East Asian region could amass the world's largest and most modern stock of industrial capital. At present, East Asian nations are investing nearly 20% more in real terms than the United States, an annual gap of roughly \$120 billion. If this pattern continues, it will carry large implications for our competitiveness a decade hence.

- By the end of the century, East Asia could become the world's largest source of credit. Already, Japan is the world's largest net creditor nation. In the future, competing demands for Japanese funds—and for surplus capital from the newly industrialized countries of East Asia—will come from Latin America, Africa, and the commodity exporters of Southeast Asia. This will give Japan and the NICs [newly industrialized countries] a growing ability to influence international financial affairs.

- East Asia could also become the world's technological leader. A recent survey of trends in nine key technologies suggests that Japan may soon achieve a clear lead in four (semiconductors, advanced structural materials, manufacturing technology, and biotechnology), rough parity in two (telecommunications and data processing), while lagging somewhat in three (air-

craft, space, and nuclear power). Needless to add, the economic prowess of other East Asian nations will be augmented as technology is diffused throughout the region by U.S. and Japanese direct investment and licensed production.

In short, the United States already faces a formidable industrial, financial, and technological challenge from the nations of East Asia. That challenge will continue to grow.

Second, internal structural adjustments and economic reforms, if allowed by governments to continue, will reshape the economies of the Pacific Basin and effect changes in their relative strengths.

Japan. Two years ago Japan produced almost 75% of East Asian output. That share may drop to around 60% of regional production by the year 2000, as the result of faster growth in the region's newly industrialized countries and LDCs [less developed countries]. The structure of the Japanese economy will experience significant change as it continues to shift from manufacturing to service industries and diminishes its reliance upon export-led growth.

China. Over the next decade, China could well become a major commercial power in Asia. Market-oriented reform policies have produced over 10% annual GNP growth since 1982. These reforms have significantly raised agricultural output and spawned countless new rural enterprises. Yet, the main thrust of China's export drive will continue to be the manufacturing sector where output has expanded 13% annually over the last 6 years. If China's GNP continues to increase at an average rate of 7%—a target that should be well within reach—and its economy continues to open up to imports, Beijing's exports could reach \$175 billion by the year 2000. This would place the P.R.C. [People's Republic of China] on a par with France or the United Kingdom as a trading nation.

U.S.S.R. Heretofore, the Soviet Union has been a negligible factor in the Pacific Basin economy. However, [General Secretary] Mikhail Gorbachev has recognized the dynamism of East Asia and served notice that the Soviets intend to play more actively in the area. He has signaled an interest in spurring economic development in the Soviet Far East and in making that development the driving force in expanding Soviet trade with East Asia. Rhetoric aside, Moscow has yet to allocate the resources necessary to achieve such a goal. Recent major Soviet projects in the east have been primarily in natural resource development, not in industry; and most have been located in Western Siberia, not the far eastern region. Given the strains that *perestroika* will probably impose upon the Soviet economy, Moscow's economic ambitions in the Pacific will prove difficult to realize for years to come.

The NICs. The newly industrialized economies of Asia will continue to progress up the industrial ladder; Korea, Taiwan, Singapore, and Hong Kong will become even more important regional players; other ASEAN countries will offer growing attractions to labor-intensive manufacturing industries due to labor cost differentials. By the turn of the century, Thailand could be a major success story, and countries like the Philippines and Indonesia, which must surmount more serious economic or political hurdles, possess impressive potential.

Thus, by the turn of the century Japan will remain the dominant regional economy; China is likely to play a dramatically increased role; some of the NICs will have emerged as world-class competitors; and the Soviets will be in the game but not yet a major player.

Third, continuing economic growth should enhance prospects for political stability in the region.

Economic development will remain a dominant priority for governments in the region. Growth should reduce the temptation of external adventure and erode the force of militant ideologies and virulent forms of nationalism. Heretofore, Vietnam and North Korea have made themselves the pariahs in the region; they have not shared the benefits of Asian prosperity. Perhaps that will change.

As for the historic conflict points in the region—Korea, Indochina, and the Taiwan Straits—one can hope for positive change.

- It is difficult to foresee with any clarity political developments in North Korea. But South Korea's extraordinary economic performance has already strengthened Seoul's hand, altered the balance of forces on the peninsula, and encouraged incipient moves to reduce North-South tensions. There is no objective reason why these trends should not continue.

- In Indochina, prospects for a political resolution of the Cambodian issue appear to be on the upswing. In Moscow last week the Soviets professed an interest in a negotiated settlement; Vietnam recently announced major troop withdrawals this summer, but it remains to be seen whether the withdrawals will be more than the troop rotations of the past and whether Hanoi is ready to join in the search for a political settlement.

- There are also encouraging developments in the interaction between Taipei and Beijing. The P.R.C. has been pursuing a peaceful policy toward Taiwan for a decade. This is very important. Last year Taiwan authorized family visits to the mainland, and Taipei is considering liberalizing such private contacts further. Indirect trade between the two is now substantial, and it is increasing. We welcome these developments and hope they continue.

Fourth, by the turn of the century a new generation of leadership will come to power in Asia.

This will affect communist and non-communist countries alike. This passing of the baton is already well underway in Korea, China, Taiwan, and several Southeast Asian countries. The new generation of leaders is likely to be better educated, more persuaded of the virtues of the market economy, and more critical of authoritarian political practices than their predecessors. I would merely add that figures like [Chairman of China's Central Military Committee] Deng Xiaoping, [former President of Indonesia] Suharto, and [Prime Minister of Singapore] Lee Kuan Yew—not to mention, [President of North Korea] Kim Il-Sung—are virtually synonymous with the recent political evolution of their respective countries. One cannot be sure how their passing will affect the political stability and policy continuity of their nations.

Fifth, the continuing economic transformation of East Asia should encourage the trend toward pluralistic and democratic political systems.

Korea, Taiwan, Thailand, and the Philippines provide grounds for hope that the trend toward democratization is accelerating. Even in China pluralism is growing, as are pressures for political liberalization. We cannot assume that progress will be steady, let alone inevitable. In many Asian countries military continues to play an important political role, democratic traditions remain weak, and religious or ethnic differences as well as economic disparities make prospects for democratization somewhat uncertain. Nonetheless, the general trend appears to be moving toward pluralism.

Sixth, regional consultation and cooperation should continue to grow among East Asian nations.

Organic economic forces—trade and investment flows and entrepreneurial activity—will continue to encourage the integration of the Pacific Basin economy. Over the coming decade, we may not see the elaborate regional political institutions in Asia that have emerged in Europe. But the cohesion of ASEAN seems destined to grow, serving to minimize conflict among its members; and the ASEAN dialogue with Japan, the United States, the EC [European Community], and other external powers will expand. I would also expect even broader pan-Pacific regional groupings, like the PECC [Pacific Economic Cooperation Conference], to strike deeper roots. How the various parts of the Asian economic jigsaw puzzle will respond to initiatives to integrate the Pacific economy and to give the Pacific nations a stronger regional political identity is not clear. It seems self-evident, however, that the Soviets and the Chinese will take an increased interest in participating in any regional forums that develop.

Seventh, the interplay among the major powers in Asia is likely to become more balanced and perhaps more fluid.

With respect to Soviet policies in the area, much will depend upon the success of Mr. Gorbachev's reforms. The reform effort should focus Moscow's efforts on a domestic agenda and give the Soviets a strong incentive to assure tranquility along their borders. We

some slowing of the Soviet military buildup in the Far East. We should also expect a more adroit and sophisticated overall political and diplomatic strategy.

China is clearly the current focus of Gorbachev's East Asian strategy. In his 1986 Vladivostok speech, he moved to address China's preconditions for normalization of relations, and Chinese have encouraged Soviet efforts. Given the importance attached to economic reform and restructuring in China and the Soviet Union, a reduction of tensions between the two powers is politically attractive for both. China, moreover, seeks greater maneuverability in its dealings with Japan and the United States.

Thus, over the next decade, further normalization of Sino-Soviet relations is in the cards. I would not expect a return to the alliance relationship of the 1950s. Beijing still sees the Soviet Union as posing long-term dangers to Chinese interests in Asia, and it will take more than "smile diplomacy" to change this strategic perception.

Even with the advent of a more flexible Soviet diplomacy, Moscow's relations with Tokyo will remain uncertain because of their territorial dispute over the Northern Islands. In the economic sphere, the Soviet Union will continue to attract Japanese interest and investment in the development of Siberia and the maritime regions, but to date such efforts have produced few results.

Expanded Japanese relations with China are likely. Economic complementarity reinforced by political interests on both sides should assure that result. If recent experience is any guide, we can expect periodic ups and downs and occasional misunderstandings as China adjusts to the growing power and industrial prowess of the other.

U.S. ties with Tokyo and Beijing are now on track; with both we have laid on a broad foundation that should provide stability and continuity over the coming decade.

Our own alliance relations with Japan will continue to be the cornerstone of our East Asian policy. Over the past 8 years, our security relationship with Japan has matured. Japanese efforts to assume responsibility for the conventional defense of the Japanese islands, to defend the sealanes to the south, to pick up a larger portion of the cost of maintaining U.S. forces in Japan, and to develop a more equitable

pattern of exchanges of defense technology all testify to the strength of our security ties. They will remain an important source of stability in the region.

What are the implications of these trends for Tokyo and Seoul? Our Japanese and Korean friends must speak to this question, but I might offer a few parochial comments.

A major test for Japan will come in managing the domestic political strains that will inevitably accompany the continuing internationalization of its economy. The most difficult challenges will presumably arise from necessary reforms in the agricultural sector and from dramatically raising the level of manufactured imports. Many, particularly in this country, have been critical of the pace of these adjustments. Nonetheless, the ruling Liberal Democratic Party, despite vigorous opposition, has begun to open up agriculture to competition by cutting rice subsidies. In the industrial sector, imports of consumer goods are on the rise. A strong yen is forcing many firms to cut costs by relocating assembly operations overseas. Nearly half of Japan's manufacturing companies already have employees abroad. This trend will continue. It will fuel growth in East Asia and further integrate Japan more closely into the regional and global economy.

The flow of jobs and manufacturing facilities overseas will presumably reinforce Tokyo's determination to replace lost jobs with new ones in fields like the information sciences and applied technology. We can expect growing competition in areas in which we have traditionally been the world leader.

Japan also faces major social and demographic changes. By the end of the century it will have one of the older populations in the world—16% of its people will be over 65. The burden of health and retirement benefits, currently spread comfortably over six workers, may then be shouldered by only four. This change will probably accelerate the shift to service industries, require further emphasis on domestic spending, and diminish Japan's current account surplus.

In the defense area, significant gaps will persist between Japan's economic and military capabilities. Although Japan is capable of a dramatic military buildup, it is not likely to undertake one. Historic memories, constitutional impediments, domestic political considerations, and the concerns of neighbors will continue to im-

pose significant constraints. But these notwithstanding, Japan will become a formidable military power even if it continues to allocate a very small percentage of its GNP to defense.

We should expect Japan to continue assuming wider regional and global political and economic responsibilities commensurate with its industrial and financial strength. In particular we can expect Japan's economic aid programs to grow much faster than anyone else's, enabling Japan to play an increasingly influential supporting role in the development and stability of countries of major importance—in East Asia and elsewhere. The major thrust of Japan's aid program has traditionally been aimed at the Asia-Pacific region. That is natural and will continue. But as its aid expands, as Asian nations prosper and Japan's global responsibilities increase, it is reasonable to expect more of its aid to be targeted on Africa, the Middle East, and Latin America; its loan programs to become even more concessional and to be supplemented by more grant assistance.

As for Korea, we have seen phenomenal changes on the peninsula over the last decade. South Korea has carried out an economic expansion that is the envy of other developing and industrializing nations. In the process it has moved from number 12 to number 7 among our trading partners. The growth of Korea's industrial power will require it to open the doors to its own market wider.

Even more striking, Korea has led a move for democracy that has captured the attention and earned the admiration of the world. Koreans have restored freedom to the media; they provided for full participation in their recent elections; and a truly multiparty political system has emerged. Such fundamental changes cannot come without some noise, but the process seems under control and appears to enjoy broad domestic support.

During this period, the Republic of Korea has continued to concentrate on the very real threat from the North, carrying out a modernization and training program that has enhanced the ability of the republic to defend itself from aggression. We shall continue to play our own part in supporting their shield. We have also seen a fundamental shift in Seoul's approach to Pyongyang. More confident and self-assured, Seoul now seeks to draw the North out of its isolation and into an active dialogue.

The northern half of the peninsula presents a different picture. The economy has stagnated. Although the D.P.R.K. [Democratic People's Republic of Korea] continues its push for military superiority, the effort seems doomed to fail given the precipitous decline in its relative position on the peninsula.

These changes have brought Seoul an internal and external strength that is unprecedented. The result is a new creativity and flexibility in coping with domestic and external challenges. I would expect equally important changes over the coming decade—most notably in the diversification of economic and political relationships—not least with Eastern and Western Europe, China, and the Soviet Union. The big question, of course, will be how far relations between North and South can be opened up. One can hope for more “natural” ties through the lifting of North Korea's impediments to wider travel and communications with the South, family reunification, cultural and sports exchanges, trade ties, and a fuller political dialogue. I would hope we will see moves toward representation of Korea in the United Nations.

Finally, what are the implications for the United States?

With the growth of Japan's power, the resurgence of China, and the redirection of Soviet interest toward the Far East, our own focus on Asian affairs must grow correspondingly.

We can expect some erosion of the dominant position we have exercised in the Pacific since World War II. The growth of other power centers will inevitably reduce our relative influence, and in the short term our effort to overcome trade and fiscal deficits will prompt Asians to look to other markets and will temporarily diminish capital flows from the United States.

This does not foreshadow, however, an eclipse of America's position as the major power in the Pacific. We will continue to offer the largest market for Asian exports, and a major source of investment, high technology, and manufacturing facilities; our service indus-

tries are poised for an expanded role in the area; and we will continue to deploy the most flexible and diversified military power in East Asia, allowing us to play a pivotal role in regional security.

Our steadfast support for a free trading system has helped create the environment in which our Asian friends have prospered. In keeping with their dramatic success, Japan and the four “Asian tigers” now must bear a much larger responsibility for the health of the world economy by making appropriate structural adjustments (ensuring realistic exchange rates, lowering barriers to imports, and seeking growth from domestic demand as well as exports). But we, too, have responsibilities.

We should not look upon Asian competitiveness as a threat or succumb to protectionism. This is the worst time to give in to that temptation, because it is increasingly difficult to determine what, in fact, is “national” and what is “foreign.” An example Secretary Shultz frequently cites involves a shipping label for integrated circuits fabricated by an American firm. It read: “Made in one or more of the following countries: Korea, Hong Kong, Malaysia, Singapore, Taiwan, Mauritius, Thailand, Indonesia, Mexico, Philippines. The exact country of origin is unknown.” You will note that 8 of the 10 countries mentioned happen to be in East Asia.

The world as a whole—and that certainly includes Americans—has benefited from the internationalization of production and the emergence of a global economy. Historically, the secret of rapid economic growth has involved brisk international movements of capital, technology, and goods. This is such a time, and we should encourage it.

As the newly industrializing countries of East Asia continue to mature economically, we must find ways of acknowledging their status and drawing them into those organizations that manage the global economy. Over the next decade, South Korea and several other Asian states will show clear promise as candidates for membership in the OECD and other such international forums. In my view we should champion their cause. And we should look for

other regional associations in which to take up the economic and political challenges of the Pacific with Asian nations.

We should welcome and seize opportunities to facilitate the resolution of regional conflicts. The Cambodian situation, in particular, demands a political settlement. All the major powers acknowledge that a settlement requires the complete withdrawal of Vietnamese forces, a process of national reconciliation in Cambodia, and international guarantees. We should continue to insist on a prompt and complete withdrawal of Vietnam's forces; support Sihanouk's [Cambodian resistance leader Norodom Sihanouk] diplomatic initiative; coordinate our own efforts closely with the ASEAN countries, Japan, China, and others.

In Korea, we should continue to encourage a reduction of North-South tensions through dialogue, while helping to assure a security environment in which such tension reduction measures can flourish.

Politically, we should continue to affirm our democratic convictions and promote their practice by others. The role we played in the Philippines and Korea—lending encouragement to indigenous pressures for reform without attempting to provide our own blueprint—was an appropriate one. We must also be willing to follow through helping democratic regimes strike deeper roots by lending support in ways they consider appropriate in sum mounting current problems.

I have given an upbeat assessment of East Asia's future. I think it is fully warranted. During much more trying times, Winston Churchill said: “I am an optimist because there's not much going on in anything else.” Today, there are plenty of reasons to be bullish about Asia. I am also an optimist about our relationships with the Pacific nations. As [former] Prime Minister Nakasone of Japan put it just last month: “Two vastly different civilizations, which have moved across the globe over the centuries from opposite directions, east and west, are making giant steps to meet in a dramatic way over the Pacific, pulling toward each other like two magnets. So it is, and we are all beneficiaries.”

Proposed Sale of Aegis Weapons System to Japan

Gaston J. Sigur, Jr.

Statement before the Subcommittee on Asian and Pacific Affairs and Arms Control, International Security, and Science of the House Foreign Affairs Committee on June 16, 1983. Mr. Sigur is Assistant Secretary East Asian and Pacific Affairs.¹

I appreciate the opportunity to meet with you to discuss the proposed sale of the Aegis weapons system to Japan, a system which the administration views as having the utmost importance in strengthening the U.S. security position in the Pacific as well as our critical military relationship with Japan.

Less than a month ago, I had the opportunity to speak before Congress at the U.S. defense posture in the Pacific. At that time, I noted the great stress which U.S. foreign policy has placed in this important part of the world. We have seen impressive economic growth and progress in the political realm toward increasingly representative government.

One of the cornerstones of this success is the U.S. military presence in East Asia and the Pacific and our bilateral security arrangements which have provided peace and security in the region. And of all our bilateral security engagements which we have in this area, and possibly in the world, our relationship with Japan is unsurpassed in importance.

In the course of over 40 years, we and Japan have developed an impressive record of military cooperation. This relationship found its root in a common assessment of the military threat to the region from the Soviet Union. However, as grown due to tireless efforts on the part of both our governments to find increasingly productive methods of utilizing our joint military capabilities to counter that Soviet threat.

Enhancing Pacific Security

The Administration views the proposed sale of the Aegis—an integrated air defense system designed to track, select, and engage multiple incoming targets—as an important step in enhancing the joint military capabilities of the United States and Japan in the Pacific. We view it as a significant for military, economic, and political reasons.

Militarily it directly benefits U.S. security interests in the region and is a major part of our efforts to achieve greater burdensharing by the Japanese. Economically it involves the Japanese purchase of over half a billion dollars of U.S. equipment. Politically, and most importantly, this proposed sale further cements the desire on the parts of both our governments to work together to achieve security in the Pacific.

When the Government of Japan announced in 1981 that it would defend its territory, airspace, and sealanes of communication out to 1,000 nautical miles, that statement was greeted enthusiastically by the Administration and in Congress. Since that time, Japan has acquired substantial military equipment, including P-3C antisubmarine aircraft and F-15s, needed to take on those missions. The proposed sale of Aegis to Japan is critical in enabling Japan to fully assume those defensive roles, which in turn, directly support U.S. security interests in the region.

A look at Japan's strategic geographic location in the Northwest Pacific indicates why these Japanese defensive missions are critical to the United States. A line drawn due west from the northernmost tip of Japan on the Island of Hokkaido intersects the east coast of the Soviet Union at a point 300 miles north of the Soviet naval port of Vladivostok. A similar line drawn west from the southernmost point of Japan on the island of Okinawa touches Taiwan.

Japan's self-defense missions deny Soviet ships and aircraft undetected access to the Pacific Ocean and much of the Indian Ocean since most Soviet forces there come from Vladivostok. They also complicate Soviet plans to interfere with the free flow of commerce in the Pacific and Indian Oceans, which is a critical U.S. national interest.

Japan already provides a formidable military force which seeks to counter the Soviet military presence in the area. Japan presently has more than 50 destroyers in its maritime Self-Defense Force, more than twice as many as we have in the U.S. 7th Fleet, which must cover all of the Western Pacific and Indian Oceans. While we have some 25 P-3C antisubmarine aircraft in the 7th Fleet, the Japanese will deploy 100 P-3Cs at its bases located in proximity

to Vladivostok by 1990. The Japanese Air Self-Defense Force now has 100 F-4 Phantom and will have some 200 F-15s by 1990, roughly the number of tactical aircraft we now have defending the continental United States.

While Japan already has a sizable military force deployed in the area, it must be emphasized that the proposed sale of Aegis would be a crucial addition to U.S. and Japanese efforts to counter the military buildup by the Soviet Union in the Pacific. The Soviets have more than 770 ships in this area, the most critical portion of which is a force of 100 submarines, two-thirds of which are nuclear-powered. More important, the Soviets have some 2,000 fixed-wing aircraft in the Far Eastern theater. This air capability directly threatens U.S. interests in the Pacific, since Japanese air defenses are, at present, at risk of being overwhelmed by the Soviets.

To meet that threat, Japan is studying the acquisition of a mix of forces which can deal with the Soviet air threat in the 1990s. A critical part of that increased capability involves purchase of the Aegis system. Aegis will be the keystone in Japan's effort to upgrade its anti-air warfare capability in each of four escort flotillas.

Without Aegis, Japan's naval surface ships prosecuting Soviet submarines are vulnerable to attack by multiple numbers of Soviet aircraft. With Aegis, Japanese ships can protect themselves against attack by Soviet aircraft and can link with U.S. ships for combined operations. Aegis also permits the linkage of land- and sea-based air defenses and expands the coverage of the battle zone. This will create a safe air defense zone in which our own aircraft carrier battle groups can operate.

The capability provided by Aegis will greatly enhance the interoperability of the U.S. Navy with the Japanese Maritime Self-Defense Force. Additionally, Aegis will provide a force multiplier effect to Japan's naval forces as it has for the U.S. Navy. The force multiplier effect results from the automatic detection, engagement, and targeting capability of the system and significantly improves the effectiveness of non-Aegis ships when working with an Aegis ship. In short, Aegis would be

a key element in improving a presently vulnerable air defense network against the Soviets' Far Eastern air threat.

As you are aware, we have often spoken to the Japanese Government about the need for increased defense spending and capabilities on their part. Secretary of Defense Carlucci and Deputy Secretary of Defense Taft have recently met with Japanese officials to discuss the need for greater burdensharing. The sale of Aegis would represent greater burdensharing by Japan, and to deny this sale would undercut our policy of encouraging enhanced Japanese military spending.

In addition, if Congress acts to disapprove the sale of Aegis, it would impact on major large-scale procurement which the Japanese Government is now contemplating for the 1991-95 defense program. Japan is now deciding whether to include an over-the-horizon radar, long-range early warning aircraft, and tanker aircraft, all of which would increase Japanese defense capabilities and directly benefit U.S. security. Japan could purchase each of these systems in the United States, enhancing U.S.-Japanese interoperability and increasing our balance of trade in defense items, already in our favor at over \$1 billion per year. However, it will be much more difficult for Japan to plan purchases from the United States if it is uncertain that the United States will allow a valued ally to acquire such systems.

Security of the Aegis System

I would now like to address my comments to the questions which have been raised regarding the security of the Aegis system if it is provided to the Japanese Government. We are aware that concern has been expressed that Japan should not be provided such sensitive equipment and that in the aftermath of the Toshiba Machine Company sale of milling machines to the Soviet Union, Japan cannot be entrusted with a sophisticated military system such as Aegis.

Let me make several points on this question.

First, the terms of the proposed sale of Aegis include provisions for the security of the system. Under the 1954 U.S.-Japan Mutual Defense Assistance Agreement, each government is obligated to prevent the disclosure or compromise of classified articles, services, or information furnished by the other

government. Japanese law gives effect to this obligation and authorizes the Japanese Government to protect U.S. classified information provided under this agreement.

Second, the United States has been monitoring and will continue to monitor Japanese security procedures.

Third, under the terms of the agreement, security for the system will be provided to the same extent as it is for Aegis-equipped U.S. ships.

Fourth, despite the absence of an espionage law in Japan, all Japanese Government employees are required to protect classified information, including that of U.S. origin. In addition, all Japanese citizens are legally bound to protect information provided to Japan under the 1954 Mutual Defense Assistance Agreement.

Fifth, it is important to distinguish the Toshiba Machine Company from the Japanese Government. The sale of milling machines to the Soviet Union by Toshiba Machine was illegal. However, that case is vastly different from the proposed sale we are discussing today. The technology sold to the Soviets was of Japanese origin, not U.S. technology. And it was a private company which sold the machines, not the Japanese Government. If Congress does not disapprove sale of the Aegis system to Japan, it will be sold to the Government of Japan, not a private company.

Finally, I would point out that the Japanese Government has an exemplary record of protecting sensitive military equipment. When weapons technology has been furnished to Japan under our Mutual Defense Assistance Agreement, both Japanese Government and industry have scrupulously protected that information. The United States has loaned, sold, and licensed defense technology to Japan for over 30 years, and Japan has not compromised a single item of technology provided under foreign military sales or under a commercial sale. And we already allow Japan to license-produce sophisticated military equipment such as F-15s, P-3C anti-submarine aircraft, and Patriot missiles. They have clearly established their commitment and ability to protect sensitive defense technology.

Financial Benefits

In addition to defense considerations, Japan's purchase of Aegis will have direct, significant financial benefits to the United States. The sale of one Aegis

system will result in \$526 million in revenue and 5,400 work-years for U.S. workers. For each Aegis system we sell to Japan, New Jersey will receive approximately \$187 million in work, California \$120 million, Virginia \$53 million, Massachusetts \$29 million, New York \$17 million, and Missouri \$16 million. An additional \$95 million per system will be up for competitive bids.

The Japanese Government has budgeted for the purchase of one Aegis system this fiscal year and will seek to purchase a second system in its current 5-year defense plan which runs from 1986 through 1990. We believe Japan intends to purchase additional system subject to the availability of funds.

Finally, there has been discussion in Congress of mandating the purchase of Aegis in a U.S. hull. We believe that would be a serious mistake. We have discussed the purchase of Aegis in a U.S. hull with the Japanese Government. They have informed us that they will not acquire Aegis if the United States requires the purchase of a U.S. hull. Instead, the Japanese would build a guided missile destroyer in Japan which is not Aegis-capable.

We would ideally like Japan to purchase a hull equipped with Aegis from the United States. However, we cannot let our wishes blind us to what we can realistically hope to achieve. With or without Aegis, Japanese domestic imperatives virtually dictate that any major naval combatants will be built in Japan. The last Japanese naval combatant built in a foreign shipyard was commissioned circa 1880. Requiring purchase of Aegis in a U.S. hull would not only lead to loss of a major sale but the jobs it represents but would endanger potential future sales as well. Moreover, such a precedent could like discourage the Japanese Government from pursuing purchases of other U.S. military systems. We would also lose critical opportunity for interoperability with Japan, and, most importantly, Japan's capability to play a greater deterrent role in the Pacific would be lessened.

We will continue to attempt to persuade Japan to purchase U.S. hulls but not at the expense of losing the Aegis sale. It is too important to our national interest, from a military, financial, or political perspective, that Japan acquire Aegis and assume the additional defense responsibilities that Aegis will permit.

The president has emphasized his role as America's most important partner and ally in the Pacific. The president for the statement is clearly demonstrated in the close cooperation we have achieved in a number of fields, particularly in the security area. On issues ranging from arms control to military threat in the Pacific posed by the Soviet Union, the Japanese Government has been a staunch ally. At a time when we are asking our partners to share more of the defense burden, the United States is one ally ready, willing, and able to do just that.

I can think of no single action on our part which would do more to call

into question the basic aims of our security policy in the Pacific region at this time than to say that we have decided not to proceed with the Aegis sale to Japan. And I can think of no better way for us to ensure the continued enhancement of the overall relationship with our major Pacific ally than to support the sale, which so manifestly serves our own national interest.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Update on POW/MIA Efforts

David F. Lambertson

Statement before the Subcommittee on Asian and Pacific Affairs Task Force on POW/MIA of the House Foreign Affairs Committee on June 15, 1988. Mr. Lambertson is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

I appreciate this opportunity to meet with the task force to discuss our continuing efforts to gain the fullest possible accounting for our missing in the Southeast Asia.

Vietnam

In February 1988, when we last met, there has been some progress. General in W.J. Vessey and Vietnamese Vice Premier (Nguyen Co) Thach met again last week in New York to discuss the POW/MIA [prisoner of war/missing in action] question. As well as the emigration to the United States of former recreation camp inmates and other humanitarian issues. The interagency work has continued to facilitate the implementation of the agreements reached in Hanoi last August between General Vessey and Vietnamese Vice Premier Thach.

During their June 8 meeting, General Vessey urged Vice Premier Thach to expeditiously resolve the questions about our missing men. Underlining again the deep concern felt by the American people over this issue. General Vessey stressed in particular the need for accelerated Vietnamese coop-

eration in resolving discrepancy cases (individuals about whom the Vietnamese should have information).

Vice Premier Thach said he agreed that it was in the best interest of both nations to resolve the POW/MIA issue. He said his government would attempt to move rapidly to resolve the 70 most compelling discrepancy cases, and that every effort would be made to achieve substantial accountability by the end of the year. Thach added that his government would be prepared to conduct joint activities, such as surveys and crash site excavations.

In addition to this high-level meeting, U.S. and Vietnamese experts have continued their regularly scheduled POW/MIA technical talks. There have now been five since General Vessey's visit to Hanoi in August of last year, with the most recent taking place 2 weeks ago, June 1-3. These meetings have proven to be productive exchanges, and we hope they will pave the way for more concrete progress in the near term (e.g., joint activities). A Vietnamese team will visit CILHI/JCRC [Central Identification Laboratory, Hawaii, and the Joint Casualty Resolution Center] in Hawaii later this month.

During this period the Vietnamese have repatriated 44 sets of remains (17 returned March 2 and 27 sets were repatriated April 6—the largest repatriation since the end of the war). Some of these remains have been identified as those of U.S. servicemen—although frankly far fewer than we would have

hoped—efforts continue to identify others. During the most recent round of technical talks the Vietnamese reported to us that they are investigating 32 instances where they have received information or remains which could be associated with missing Americans. We welcome this information and look forward to an early repatriation date.

NGO Efforts

The U.S. commitment to address certain Vietnamese humanitarian concerns was reiterated by General Vessey in his meetings with Vice Premier Thach on June 8. Last August we said that we would encourage and facilitate the efforts of U.S. nongovernmental organizations (NGOs) in the area of prosthetics. The first team of U.S. experts went to Vietnam in August 1987 to meet with their technical counterparts and returned to write an analysis of Vietnamese needs which was distributed in the NGO community. As a result, a number of U.S. NGOs are now engaged in direct discussions with the Vietnamese, and several are developing with the Vietnamese plans to refurbish and reequip certain rehabilitation centers in Vietnam.

In addition, over \$110,000 of donated prosthetics supplies and materials have been transported to Vietnam and more is in the pipeline. Based on the constructive results of these efforts, in terms of at least marginally enhanced Vietnamese attention to our humanitarian agenda, we have decided to add a new area of emphasis—NGO assistance in the area of child disabilities—e.g., cleft palate surgery and burn repair. A team composed of U.S. Government representatives and medical experts has just returned from Vietnam and will write another comprehensive report for distribution to NGOs. We anticipate a positive response from the NGO and donor communities as a result of these efforts.

Despite progress in the area of prosthetics and the good faith effort which it represents, the Vietnamese have continued indirectly, but publicly, to call for some direct U.S. Government aid. (During the July 8 meetings, Vice Premier Thach did not specifically discuss the lack of direct government-to-government aid, but expressed displeasure over what he felt was the slow pace of the efforts.) Our policy, and the commitment made by General Vessey in Hanoi, are clear on this point: the U.S. Government will encourage and facili-

tate the efforts of the NGO community, but it will *not* provide direct assistance. We said our efforts to address Vietnamese humanitarian concerns would be within the bounds of "political, policy, and legal constraints," meaning no U.S. Government aid, no trade, no political normalization. The Vietnamese clearly understood this in August, and they understand it now.

Laos and Cambodia

It should be noted also that there has been some recent progress on POW/MIA issues with the Lao. In February, I described the December and January unilateral excavations carried out by the Lao which resulted in the recovery of 2 sets of remains believed to be those of unaccounted for U.S. servicemen. U.S. and Lao technical teams carried out a joint crash site excavation May 3-11, 1988, after a joint survey of the site in Savannakhet Province April 26. The downed U.S. aircraft was an OV-1 observation plane which crashed in March 1966. Two U.S. servicemen were believed to have been aboard. Unfortunately, no remains were recovered and only one piece of identification was found at this site, despite the combined efforts of the Lao and U.S. teams.

Another encouraging sign was the recent visit to the United States of Lao Vice Foreign Minister Soubanh. His visit included stops in New York, Washington, and Hawaii. Lengthy discussions concerning POW/MIA issues

took place. During these meetings we expressed appreciation for the unilateral and joint excavations carried out by the Lao over the past 6 months—noting the professionalism and cooperativeness of the Lao technical team. (Secretary Shultz has also expressed his appreciation to Lao Foreign Minister Phoun.)

Vice Foreign Minister Soubanh indicated his continued awareness of the importance of the issue and his willingness to move ahead with another joint excavation during this calendar year. We in turn will continue to push for more crash site surveys. During his stop in Hawaii, this past weekend, Vice Foreign Minister Soubanh met with officers of CILHI and the JCRC to gain a better understanding of the U.S. effort and commitment.

Unfortunately, there is no progress to report concerning the Hun Sen government in Cambodia and its September 1987 claim to hold remains of our unaccounted for servicemen. Despite our interventions through the Vietnamese, the Lao, and the ICRC [International Committee of the Red Cross]—and direct communications by the National League of Families—the Vietnamese-installed regime in Phnom Penh has refused to cooperate in returning these remains to the United States.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

these products should increase soon, and they could easily exceed \$1 billion annually when the accord is fully implemented."

The agreement calls for a phase-out of import quotas on beef products and fresh oranges over a 3-year period and quotas on orange juices over 4 years. Japan will have the privilege of temporarily raising duties on beef products to certain specified levels during second 3-year adjustment period, at the end of which the Japanese beef market will be fully liberalized.

Ambassador Yeutter noted that since the quotas will be phased out, rather than eliminated immediately, as the United States had requested, the Government of Japan had agreed not only to significant increases in market access in the interim but also to certain other actions, including duty reduction on such products as fresh grapefruit, fresh lemons, frozen peaches and pear walnuts, pistachios, macadamias, pecans, pet food, beef jerky, sausage, and pork and beans.

The agreement also calls for a 3-year phase-out of the import management operations of Japan's Livestock Industry Promotion Corporation (LIPO) and for greater flexibility in the administration of the import program for both beef and citrus products during their respective phase-out periods.

"Both negotiating teams worked extremely hard on this difficult and complex issue, over a period of many weeks," added Yeutter. "This was one of the most challenging bilateral negotiations we have ever undertaken. I wish particularly to commend the efforts of Deputy U.S. Trade Representative Michael B. Smith, who led the U.S. team during most of the negotiations. I commend as well the Japanese team for its positive and courageous attitude throughout and the Japanese Government for its willingness to take the right course in this politically sensitive area."

Text from press release issued by the Office of the U.S. Trade Representative. ■

Japan to Phase Out Quotas on Beef and Citrus Imports

Representatives of the Governments of the United States and Japan announced June 20, 1988, an *ad referendum* agreement which calls for the elimination of Japanese import quotas on beef and citrus products. The agreement was reached by U.S. Trade Representative Clayton Yeutter and Japanese Minister of Agriculture Takashi Sato as the culmination of several months of intense negotiations. The negotiations broke down and had to be restarted twice before agreement was finally reached.

"The United States is pleased with the outcome," Yeutter said from Tokyo, "though we would like these markets to open sooner than is contemplated. It is

regrettable that the process of market liberalization was not begun several years ago. Nevertheless, we are grateful that the Government of Japan is now prepared to phase out all import quotas on these products."

"What Japan is now prepared to do on beef and citrus is a recognition of its responsibility as a major economic power running a very large trade surplus," asserted Yeutter. "And it is also what Japan must do in order to comply with the rules of the General Agreement on Tariffs and Trade (GATT)."

"This new agreement," said Yeutter, "will open up excellent export opportunities for American beef and citrus producers. U.S. export sales in

S. Imposes Sanctions on certain Brazilian Imports

WHITE HOUSE STATEMENT,
JULY 22, 1988¹

President Reagan has found Brazil's refusal to provide adequate patent protection for U.S. pharmaceuticals and chemicals to be unfair under Section 402 of the Trade Act of 1974. In response, the President has decided to impose sanctions on certain Brazilian imports. The products upon which sanctions are to be imposed will be drawn from a list of potential items that will be published in the *Federal Register*. The import value of the list will be at least \$200 million.

With \$2,000 million in sales in 1985, Brazil ranks among the top 10 pharmaceutical markets in the world. It has inadequate product patent protection for pharmaceuticals in 1945 and process patent protection in 1969. After several years of unsuccessful consultations, the Pharmaceutical Manufacturers Association filed a petition in June 1987 under Section 301 of the Trade Act of 1974 for an investigation of Brazil's lack of process patent protection. The Pharmaceutical Manufacturers Association also stated that Brazil's failure to protect intellectual property rights constitutes an unreasonable trade practice that burdens or restricts U.S. commerce. The Director of the U.S. Trade Representative accepted the petition on July 23, 1987. Adequate patent protection is the cornerstone of a healthy pharmaceutical industry. By denying this basic commercial right, Brazil permits unauthorized copying of pharmaceutical products and processes that were invented by U.S. firms. This not only deprives American companies of sales, it discourages investment in the research and development of new drugs.

The U.S. pharmaceutical industry has urged the U.S. Government have attempted for several years to persuade Brazil to enact adequate patent protection. Despite these efforts on the part of the United States, Brazil has yet to provide adequate intellectual property protection for pharmaceutical products.

We regret that it is necessary to impose trade sanctions in this matter, as the United States cannot tolerate piracy of its intellectual property. Over the past 3 years, we have condemned the infringement of U.S. intellectual property rights and denial of

rights throughout the world. This policy has resulted in strengthened patent laws in many foreign countries and a multilateral commitment to address intellectual property issues at the Uruguay Round of trade talks. This progress stands in stark contrast to Brazil's lack of action in this area. The President calls upon the Government of Brazil to join the United States and other nations in establishing comprehensive intellectual property protection for pharmaceuticals and other products.

¹Text from Weekly Compilation of Presidential Documents of July 25, 1988. ■

Trade with Hungary and China

LETTER TO THE CONGRESS
JUNE 3, 1988¹

I hereby transmit the documents referred to in subsection 402(d)(5) of the Trade Act of 1974 with respect to a further 12-month extension of the authority to waive subsections (a) and (b) of section 402 of the Act. These documents constitute my decision to continue in effect this waiver authority for a further 12-month period.

I include as part of these documents my determination that further extension of the waiver authority will substantially promote the objectives of section 402. I also include my determination that continuation of the waivers applicable to the Hungarian People's Republic and the People's Republic of China will substantially promote the objectives of section 402. The attached documents also include my reasons for extension of the waiver authority, and for my determination that continuation of the waivers currently in effect for the Hungarian People's Republic and the People's Republic of China will substantially promote the objectives of section 402.

Sincerely,

RONALD REAGAN

REPORT TO CONGRESS CONCERNING EXTENSION OF WAIVER AUTHORITY

Pursuant to subsection 402(d)(5) of the Trade Act of 1974 (hereinafter "the Act"), I have today determined that further extension of the waiver authority granted by subsection 402(c) of the Act for 12 months will substantially promote the objectives of section 402 and that continuation of the waivers currently applicable to the Hungarian People's Republic and the People's Republic of China will also substantially promote the objectives of section 402 of the Act. My determination is attached and is incorporated herein.

The general waiver authority conferred by section 402 of the Act is an important means for the strengthening of mutually beneficial relations between the United States and certain countries of Eastern Europe and the People's Republic of China. The waiver authority has permitted us to conclude and maintain in force bilateral trade agreements with Hungary, Romania, and the People's Republic of China. These agreements continue to be fundamental elements in our political and economic relations with those countries, including important exchanges on emigration and human rights matters. Granting of Most Favored Nation (MFN) status pursuant to these agreements gives U.S. companies the ability to compete in those markets. Moreover, continuation of the waiver authority would permit future expansion of our bilateral relations with other countries now subject to subsections 402(a) and (b) of the Act, should circumstances permit. I believe that these considerations clearly warrant this renewal of the general waiver authority.

I continue to believe that extending the current waivers applicable to Hungary and the People's Republic of China will substantially promote the objectives of section 402 of the Act.

Hungary. Hungary has continued to take a relatively positive and constructive approach to emigration matters. Nearly all Hungarians who are eligible to apply to emigrate for purposes of family reunification receive permission to depart. During the past year there have been, in fact, no instances of refusal of emigration permission in family reunification cases. The American Embassy in Budapest issued 139 immigrant visas in 1987, considerably more than the number issued for 1986 (92). There have been no divided family cases since the spring of 1987, when the three cases brought to the Foreign Ministry's attention in January 1987 were resolved. Although there are some restrictions on emigration, there are no systematic official sanctions imposed on persons seeking to emigrate.

Regional Issues and U.S.-Soviet Relations

by Michael H. Armacost

Address before the General Federation of Women's Clubs in Grand Rapids on June 22, 1988. Ambassador Armacost is Under Secretary for Political Affairs.

The recent television image of President Reagan explaining to a group of students from Moscow State University the rights and protections afforded by Western democracy was eloquent testimony to the winds of change currently sweeping the Soviet Union. It also provided graphic evidence of the progress that has been made in U.S.-Soviet relations during the past 8 years.

The Administration's policy toward the Soviets has produced results. Major changes have occurred in all "four pillars" of the U.S.-Soviet relationship.

In arms control, we and the Soviets have concluded a treaty that, for the first time, abolishes a whole class of ballistic missiles. We have also made good progress in reaching a START [strategic arms reduction talks] agreement reducing strategic arsenals by 50%.

In human rights, Jewish emigration has increased; some political prisoners have been released, and others, such as Andrei Sakharov, allowed to return to Moscow from exile; and a number of refusenik and divided family cases have been resolved. The Soviet policy of *glasnost*, or "openness," has brought Soviet performance closer into line with a number of obligations assumed under the Helsinki Final Act. More needs to be done, but this issue has become an accepted feature of the U.S.-Soviet dialogue—something unthinkable just a few years ago.

On bilateral issues, we and the Soviets have concluded a host of workmanlike agreements in areas ranging from civilian nuclear reactor safety, transportation, and maritime shipping to radio navigation, fisheries, and the exploration of outer space. We have placed particular emphasis on the expansion of people-to-people contacts and exchanges between nongovernmental organizations.

People's Republic of China. Although China's population will shortly exceed 1.1 billion persons, only 10 percent of the country's land area is suitable for farming. China's standard of living is low—per capita GNP was under \$300 in 1987; urban overcrowding is endemic; and unemployment is a growing problem. In consequence, China faces exceptional challenges to adequately feed and house even its present population. Furthermore, birth rates have recently picked up again and are adding another 12-13 million people each year to the population. If present trends continue, China's population will exceed 1.25 billion by the year 2000. These circumstances contribute to the maintenance of a relatively open emigration policy. In addition, the Chinese Government, as part of its policies of economic reform and opening to the outside world, continues to encourage students, scientists, and industrial managers to travel to Western countries for training and orientation. The principal limitation on increased emigration appears not to be Chinese policy, but the ability and willingness of other nations to absorb Chinese immigrants.

China's relatively liberal policy on emigration is reflected in the steadily rising number of immigrant visas issued by our embassy and consulates in China since the normalization of relations in 1979. In Fiscal Year 1987, our China posts issued 16,263 immigrant visas (versus 14,051 in FY 1986) and 50,519 non-immigrant visas (versus 44,254 in FY 1986). This represents a rise of 16 percent for immigrants and 14 percent for non-immigrants. Non-immigrant visas were issued to Chinese who wished to study, conduct business, and visit relatives in the United States. Other Western countries continue to experience increases in Chinese travel and emigration.

For the above reasons, I have determined that continuation of the waivers for Hungary and the People's Republic of China will substantially promote the objectives of the Act.

Romania. Since Romania has renowned extension of Most-Favored-Nation tariff treatment by the United States conditioned on the requirements of section 402 of the Act, I am permitting the waiver for Romania to expire on July 3, 1988.

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation of Presidential Documents of June 13, 1988). ■

Today I would like to say a few words about the "regional pillar" of the U.S.-Soviet dialogue. This is, in some respects, the most important part of the U.S.-Soviet agenda since it deals directly with the competitive and adversarial aspects of the relationship.

Importance of Regional Issues

Disputes over regional issues have loomed large in U.S.-Soviet relations. Since World War II, competition or conflict over regional issues have frequently sown mutual suspicion, fueled an arms race, caused deployments and alerts of military forces, complicated bilateral dealings, and undermined domestic political support for improved relations. Conversely, the successful resolution of such issues has facilitated an improvement in U.S.-Soviet relations.

The "cold war" began over just these kinds of issues as Stalin sought at the end of the last World War, to alter the world balance of power by attacking the eastern parts of Europe, the Soviet Union and gaining dominance of the Eurasian land mass. In 1946, Greece and Turkey in 1947, Berlin in 1948, and Korea in 1950 we all crises fostered by Stalin's quest for hegemony. These and other moves forced the West to adopt a policy of containment.

The death of Stalin brought a "thaw" to the cold war as Khrushchev and the new Soviet leadership moved to conclude an armistice agreement in Korea and to remove Soviet forces from occupied Austria. At the same time, new frictions with the West were created by Khrushchev's efforts to expand Soviet influence beyond the periphery of the U.S.S.R. by fanning conflict in newly formed nations beset by instability and internal conflicts. In 1960 we confronted one of the most dangerous situations of the postwar world when Khrushchev attempted to deploy intermediate-range missiles in Cuba.

The successful resolution of the Cuban missile crisis led to a relaxation of tensions that was marked by the 1963 nuclear test ban and "Hot Line" agreements. Though there were setbacks—the Soviet invasion of Czechoslovakia in 1968 forced the Johnson Administration to postpone SALT I [strategic arms

mitation talks] talks, and Soviet support for North Vietnam cast a long shadow—the period from 1963 to 1974 as marked by steadily improving relations. The 1972 Quadripartite Agreement on Berlin removed that city as a zone of East-West contention and paved the way for conclusion of the SALT I Agreement and other East-West accords.

The Nixon Administration recognized that, given the intensity of the geopolitical competition, even those regional conflicts that do not originate directly from superpower actions carry the potential for superpower involvement. In 1972, it concluded with the U.S.S.R. a "code of conduct" designed to promote self-restraint and mutual respect. In this "Basic Principles of Relations between the United States of America and the Union of Soviet Socialist Republics," the sides recognized the principle of "peaceful coexistence," defined as "a special responsibility...to do everything in their power so that situations of conflict will not arise which serve to increase international tensions."

They further promised to negotiate and settle differences by peaceful means, to seek no unilateral advantages at the expense of the other, and to recognize the security interests of each other based on the principle of equality and the renunciation of the use or threat of force.

Experience soon showed, however, that these pledges were not self-enforcing and were no substitute for maintaining the balance of power. Against a backdrop of what Moscow perceived to be a new "correlation of forces" emerging from Hanoi's victory in Indochina and the apparent decline of American power and will, Moscow moved in the mid-1970s to exploit turmoil in several different regions of the world. It undertook military interventions—either directly or through proxies—in Angola, Ethiopia, Cambodia, and Afghanistan.

Combined with Moscow's attainment of strategic nuclear parity and growing prowess in conventional arms, these interventions suggested a broad effort by Moscow to shift the global balance of forces. They eliminated any practical prospect for ratification of SALT II and led both the Carter and Reagan Administrations to question the assumptions which had led earlier presidents to seek a relaxation in tensions with the Soviet Union.

Reagan Administration's Approach

The management of regional crises and flashpoints remains of fundamental importance for U.S.-Soviet relations. Many of the interventions undertaken or supported by the Soviets in the 1970s continue. In addition, there are a number of regional conflicts such as the Arab-Israeli dispute, the Iran-Iraq war, and the military competition between India and Pakistan which—while local in origin—could draw in the superpowers if allowed to spread or escalate. These disputes pose a particular threat to international stability in light of concerns over the proliferation of nuclear, CW [chemical weapons], and missile technology.

Despite a number of Soviet attempts—most recently, at the Moscow summit—to return to the "rules of the road" approach, this Administration has eschewed an effort to draw general guidelines for regulating superpower behavior. We have favored an approach that seeks to resolve the specific regional disputes that feed superpower tensions. This "organic" approach of coming to grips with the particulars of individual conflicts can benefit the local parties involved and, in time, lead to greater cooperation and trust between the superpowers.

This approach has consisted of four key elements.

First, we have recognized that a climate of mutual restraint can be fostered only when the underlying balance of power is maintained. The Administration's first priority, therefore, has been to restore our national self-confidence and military strength. In a number of regional conflicts, this has meant support for indigenous movements resisting Soviet-supported military occupations. Increasing the political and economic costs of Soviet intervention not only provides a crucial incentive for the Soviets to liquidate past involvements but is the most promising method of deterring Moscow from future adventures.

Second, as outlined in a speech President Reagan gave to the UN General Assembly in 1985, we have promoted dialogue and negotiation. First and foremost, we have sought to involve the local or warring parties themselves, since any durable solution must accommodate the interests of those most directly concerned. The form of these negotiations may and should vary. Often—as in the UN-sponsored talks on Afghanistan, the talks on Cambodia

sponsored by ASEAN [Association of South East Asian Nations], the Contadora process in Central America, or the efforts of the UN Secretary General to mediate between Iran and Iraq—a multilateral forum or institution will be involved.

Whatever their form, these negotiations are essential to achieving an end to violence, the withdrawal of foreign troops, and the promotion of national reconciliation. Once these aims have been achieved, we are prepared to contribute to international reconstruction and development efforts and to welcome each country back into the world economy.

Third, to facilitate direct negotiations, the United States has undertaken a dialogue with the Soviet Union on the geopolitical competition itself. Since President Reagan first proposed this in September 1984, regional problems have been discussed at both the summit and ministerial levels. In addition, exchanges at the expert level on the Middle East, East Asia, Central America, and Afghanistan have become a regular feature of the superpower dialogue. In these talks, we have sought to identify specific ways in which we and the Soviets can promote regional settlements by the parties themselves. An increasingly open and frank airing of mutual concerns has also served to correct misimpressions and reduce the chances for miscalculations. Over time, we will assess the seriousness of Soviet commitments to restraint in the geopolitical competition and to respect for the interests of others by the concrete results of this dialogue.

Fourth, we have insisted on a balance in U.S.-Soviet relations so that the weight of the relationship would not rest on only one or two "pillars." Our approach has been to work on all the issues across the board, make progress wherever we can, and conclude agreements when, in their own terms, they meet U.S. goals and interests. The result has been that progress in one area has reinforced and given further impetus to progress in the other areas.

Afghanistan

This approach has had its most dramatic success in Afghanistan.

The Soviet invasion of Afghanistan in 1979 constituted the first massive use of Soviet troops outside Eastern Europe since World War II. This brazen act destroyed the independence of a nonaligned country, threatened the se-

curity of our ally Pakistan, and extended forward by several hundred miles the Soviet capacity to project military power toward the Persian Gulf. For all of these reasons, the complete and total withdrawal of Soviet troops and the restoration of Afghan national independence became an urgent goal of U.S. policy.

We are now within reach of achieving that objective. On April 14, the U.S.S.R. signed the Geneva accords, which were negotiated, under UN auspices, by Pakistan and the Kabul regime. The United States associated itself with the settlement by agreeing to respect the undertakings of the high contracting parties.

These accords provide for the complete withdrawal of Soviet troops by February 1989, with 50% of those troops to be withdrawn by August 15. In addition, the Soviets have stated that they will undertake no military operations during the period of troop withdrawal except in direct defense against attacks on their troops.

This withdrawal agreement is a historic achievement. It is virtually unprecedented for Soviet troops to depart from a country they have invaded, but already the troop withdrawals have begun. To date, an estimated 20,000-25,000 Soviet troops have left their garrisons in Afghanistan.

A number of factors made agreement at Geneva possible.

Afghan Resistance. First and foremost, the credit goes to the Afghan people themselves, who throughout their history have successfully resisted foreign invasion. They paid a high price to repel the Soviet invader. In 8 years of war, over 1 million Afghan lives have been lost, and over 5 million Afghans have been driven into exile.

The Soviet-controlled PDPA [People's Democratic Party of Afghanistan] regime, riddled with factionalism and identified with a foreign invader, enjoys scant popular support. Even with massive Soviet backing, the Kabul regime's army has been an ineffective fighting force, suffering high rates of desertion.

The allegiance of the Afghan people appears clearly to belong to the resistance, a broad national movement encompassing almost the entire population inside the country, Afghan refugees in Iran and Pakistan, and Afghans in exile throughout the world. The military side of the resistance—the *mujahidin* fighters—are grouped in hundreds of fronts in every part of the

country. Most are affiliated with one of seven parties with headquarters in Pakistan.

Before commencement of Soviet troop withdrawals, the *mujahidin* controlled an estimated 80% of the country. As Soviet forces have pulled back from eastern and southern Afghanistan, the strength of the resistance has become even more apparent.

- The Kabul regime has given up additional territory—including a number of important towns and garrisons—to the *mujahidin*. As a result, the resistance now entirely controls the Panjsher and Konar Valleys—strategic areas bitterly contested for the last 8 years.

- Major cities such as Jalalabad, Ghazni, and Gardeyz are cut off from the surrounding countryside and can be supplied only with great difficulty.

As the Soviet troop withdrawal progresses, military initiative will continue to pass to the *mujahidin*. As long as the resistance remains united, we see little prospect that the current regime can survive.

Support of Pakistan and Other Countries. A second important factor in securing Soviet troop withdrawal has been the steadfast support of Pakistan and others. After the Afghans themselves, Pakistan has borne the primary burden of the war. Pakistan has offered refuge to more than 3 million Afghans; suffered air raids on its territory, killing and wounding hundreds; and endured a Soviet/Afghan campaign of terrorism and subversion, including bombings of restaurants, hotels, cinemas, shopping centers, schools, and other public places. Even as their troops withdraw, the Soviets continue to wage a campaign of pressure and intimidation against Pakistan.

The Afghan cause has enjoyed broad bipartisan support in this country. We have provided both humanitarian and military assistance to the *mujahidin* and will continue to do so. Prior to signature of the Geneva accords, we proposed a moratorium on all military supplies to parties in Afghanistan, but the Soviets rejected this offer. We, therefore, made clear—publicly at time of signature in Geneva as well as privately through diplomatic channels—that we intended to exercise our right to provide military aid to the resistance as long as the Soviet Union continued to give military assistance to the Kabul regime.

World Opinion. A third factor leading to a successful outcome at Geneva has been the sheer weight of world opinion. The international community properly viewed the Soviet violation of Afghan sovereignty and independence as a threat to the international system itself.

- Since January 1980, the UN General Assembly has voted nine times, overwhelmingly and generally increasing margins, for a resolution calling for the complete withdrawal of foreign forces from Afghanistan, the restoration of Afghanistan's independent and non-aligned status, Afghan self-determination, and the creation of conditions that would allow the refugees to return home with safety and honor.

- Afghanistan's membership in the Organization of the Islamic Conference (OIC) has been suspended, and the OIC has regularly issued a resolution condemning the Soviet invasion and supporting the cause of Pakistan and the *mujahidin*. The South Asian Association for Regional Cooperation has also rebuffed Kabul's efforts to join that organization.

- Last December, the European Community issued a statement calling for an immediate end to the occupation of Afghanistan, including a Soviet withdrawal completed before the end of 1988.

- China has consistently cited Soviet actions in Afghanistan as a threat to regional security and a major obstacle to the improvement of its relations with the Soviet Union. The Chinese Government has also rendered a large amount of aid to Afghan refugees.

These factors—the indigenous strength of the Afghan insurgency, the generous support provided by members of the international community, and the Soviets' political isolation—did not lead to the outright military defeat of Soviet forces, but they imposed substantial and growing—military, political, and economic costs on Moscow. In 9 years of war, the Soviets suffered about 35,000 casualties, with 13,000 killed. With no victory in sight, a palpable war-weariness set in among many elements of the Soviet population. Criticism of the war has grown and, in the climate of *glasnost*, become more public.

New Soviet Leadership. It is difficult to say whether these costs would have impelled earlier Soviet leadership to reassess the wisdom of pursuing the war. But General Secretary Gorbachev—free of responsibility for

earlier decisions and intent upon creating an international environment conducive to the concentration of Soviet resources and energies on urgent domestic needs—has clearly found them unacceptable. The emergence of a new Soviet leadership with the courage to reverse a failed policy has been a fourth key element in the Soviet decision to withdraw.

UN Negotiating Framework. A fifth factor crucial to the success at Geneva was the existence of a UN negotiating framework that left the initiative to local parties whose security interests were directly engaged. Pakistan took the lead in indirect proximity talks with the Kabul regime. These negotiations, which began in 1982, were mediated by the UN Under Secretary General for Special Political Affairs, Diego Cordovez.

We used our discussions with the Soviets to promote a speedy Soviet withdrawal and restoration of Afghan independence. We emphasized the need for a withdrawal timetable that was short and frontloaded—i.e., one-half of all Soviet troops out in 90 days. We also supported creation of an interim government that could lay the groundwork or genuine Afghan self-determination.

Bipartisan Support. Finally, a sixth factor, well worth pondering, was the bipartisan support for our policy. This suggests that, with political consensus, the United States can pursue its interests successfully, all the speculation about our decline notwithstanding.

Much has been accomplished in Afghanistan; much also remains to be done. The shape of future Afghan political arrangements is still unclear. These, of course, are for the Afghans themselves to decide. We support the efforts of Diego Cordovez, in a private capacity, to mediate among the parties in the hope that the Afghans will be able to exercise their right to self-determination without additional bloodshed and civil war.

There is also the vast problem of providing for the repatriation and resettlement of Afghan refugees. Of a prewar population of about 14 million, fully half are dead, in exile as refugees, or displaced. Agricultural production has been sharply reduced, with mines by the millions strewn throughout the country's roads and fields.

The international community is in the process of responding to this human and national tragedy. The Soviet Union has a major responsibility for assisting

in Afghan reconstruction. The Secretary General has appointed Sadruddin Aga Khan to coordinate a broad multilateral effort to assist the Afghans in returning to their homes and resuming their livelihood. Both will join in issuing an appeal for the necessary funds. They will enjoy our strong support and encouragement. At the economic summit, we pressed our partners to do much more.

Other Regional Conflicts

In February, General Secretary Gorbachev stated that untangling the Afghan knot would have "the most profound impact on other regional conflicts." Since then, Soviet officials have held up the Afghan settlement as a "model" for handling other regional conflicts.

It is unclear exactly what these officials have in mind, beyond signaling a desire for further U.S.-Soviet cooperation. Each of the regional conflicts must be understood in its own terms. Unlike the case of Afghanistan—where the Soviets alone could make the key decision on troop withdrawal—Soviet involvement in the other conflicts is more indirect.

Nonetheless, keeping in mind that each conflict has its own character, some of the same broad factors that made for success in Afghanistan may lead to settlements in regional disputes in southeast Asia and southern Africa. In Angola and Cambodia, the Soviets support a regime whose reliance on foreign troops has discredited it among a significant segment of its own people.

- Regimes in both conflicts have provoked significant resistance movements. In both cases, national reconciliation requires the withdrawal of foreign forces.
- In both conflicts, the Soviets and the warring parties themselves have shown increasing awareness that no military solution is possible and that the attempt to achieve it entails growing costs.
- In both cases, a multilateral negotiating framework, involving the warring parties themselves, exists for arriving at a political settlement. The Soviets have begun to play a more active role in these diplomatic processes.
- Finally, in both conflicts, the best means of ensuring the removal of outside powers entails establishment of a genuinely neutral, nonaligned regime reflecting the domestic political realities in the countries concerned.

Cambodia. Of all the regional conflicts, the war in Cambodia perhaps most resembles that in Afghanistan. On Christmas Day 1978, Vietnamese troops crossed the border into Cambodia to crush the Pol Pot regime. The war has now dragged on for over 8 years, imposing a heavy cost to the Khmer people and to Vietnam. The Vietnamese continue to enjoy military superiority, but the Khmer resistance remains active.

The resistance—comprised of the communist Khmer Rouge, the noncommunist ANS [Sihanouk National Army] led by Prince Sihanouk, and the Khmer People's National Liberation Front (KPNLF)—has concentrated largely on political and propaganda work aimed at disrupting P.R.K. [People's Republic of Kampuchea] administration and on launching small-scale harassing attacks. The resistance, however, does not, at this point, seriously threaten overall Vietnamese control.

Despite Vietnam's announcement of a planned withdrawal of 50,000 troops by the end of 1988, its decision to place some 75,000 remaining troops under P.R.K. command reflects a P.R.K./Vietnamese recognition that the regime cannot stand on its own. The P.R.K.'s lack of popular legitimacy is also shown in the spotty performance of the P.R.K. military. Recruitment is a serious problem, and many units suffer from low morale, high desertion rates, and, in some cases, collaboration with one or more of the resistance groups.

At this time, there are no signs of an early end to the stalemate. Vietnam has little prospect of consolidating the P.R.K. regime, and the Vietnamese economy continues to stagnate. The increasing costs imposed on Vietnam by the international community may explain some of the tactical flexibility recently evidenced by Vietnam.

- ASEAN has taken the lead at the United Nations and elsewhere in efforts to secure Vietnamese withdrawal and reestablishment of a neutral, independent Cambodia not dominated by any outside power.
- The Chinese are providing the resistance—both the Khmer Rouge and the noncommunist—most of its weapons and a great deal of its nonlethal support. Chinese pressure on Vietnam's northern border also ties down most of Vietnam's best units, preventing their use in Cambodia.
- We are also providing a modest level of aid. We have used our assistance to bolster the noncommunist

elements of the resistance as a political alternative, within the resistance, to the Khmer Rouge.

The diplomacy surrounding Cambodia has recently become more active. During the past year, Prince Sihanouk's talks with Hun Sen, head of the P.R.K. regime, also injected greater diplomatic fluidity, though those discussions have stalled because of Hun Sen's lack of flexibility and the refusal of Hanoi to participate. Sihanouk is the only Cambodian leader to enjoy widespread popular Cambodian support and international prestige. We can envision him playing a central role in a future independent Cambodia.

Indonesian Foreign Minister Alatas recently revived a proposal for an informal meeting that would bring the Khmer factions together for talks to be quickly joined by the Vietnamese. Hanoi has indicated it will attend the talks.

The essential decisions for ending the conflict, of course, remain with the Vietnamese. Hanoi's intention regarding a complete troop withdrawal is the central question. Its proposed timetable for withdrawing all of its troops by 1990 is far too long and is hedged by a number of conditions. We remain skeptical that the Vietnamese are actually willing to risk the demise of their surrogate regime, either through the promised complete withdrawal of their troops or through formation of a genuine coalition government, but the approaching Indonesia-hosted talks will give Hanoi a chance to prove its bona fides.

Hanoi's new leadership has shown greater concern about the dismal shape of the Vietnamese economy. The domestic preoccupations of Vietnam's new leaders are well warranted. Food production is falling, and industrial production is at only a fraction of capacity; inflation is skyrocketing; and party discontent is reportedly widespread.

The Soviets can play a constructive—even crucial—role in facilitating a settlement. An end to the war would reduce the economic burden on them—last year they provided an estimated \$2.5 billion in military assistance to Vietnam and Cambodia—and facilitate improvements in Soviet relations with us, the ASEAN states, and with Beijing, which has cited Vietnamese occupation of Cambodia as a major obstacle to normalization of Sino-Soviet relations.

Recently, the Soviets have begun to acknowledge the benefits to them of a Vietnamese troop withdrawal. They have applauded the Vietnamese an-

nouncement of a partial troop withdrawal, and they may have played an important role in arranging Hun Sen's talks with Sihanouk. Nonetheless, the question is whether they are willing to jeopardize use of military assets at Cam Ranh Bay by using their considerable economic and political leverage to press Hanoi to show genuine flexibility.

We have used our dialogue with the Soviets and others to support ASEAN's and Sihanouk's efforts to achieve a negotiated settlement. We will continue to do so. International pressure on the Vietnamese to negotiate seriously must be maintained. We will continue to maintain the economic and diplomatic isolation of Vietnam and block its access to Western technological and financial sources. Hanoi has a strong interest in normalization of relations with the United States, but this will not occur without a settlement in Cambodia.

Southern Africa. The conflict in southern Africa involves two foreign interventions.

- With Soviet support, Cuban troops arrived in Angola in 1975 to help the MPLA (Popular Movement for the Liberation of Angola) guerrilla army beat its rivals in the civil war that followed Angolan independence from Portugal. Thirteen years later, Cuban troops remain in Angola in augmented strength.

- To the south, Namibia continues to be administered by South Africa in defiance of international law and the United Nations, which, under UN Security Council Resolution (UNSCR) 435, has called for free internationally supervised elections. In support of its position in Namibia, the South African Government has repeatedly militarily intervened in Angola. It has troops there now.

This situation has denied Angola a government enjoying the consent of the governed and has made it a focal point of East-West rivalry. At the same time, South African rule has condemned a million Namibians to apartheid and life under an occupation force. For these reasons, we have pursued a solution involving independence for Namibia under UNSCR 435 and total withdrawal of Cuban and South African forces from Angola and Namibia. We have also sought to promote an equitable end to the 15-year civil war in Angola through genuine national reconciliation.

In this endeavor, Assistant Secretary (for African Affairs) Chet Crocker has worked tirelessly with all the par-

ties concerned to establish a negotiating framework. In early May of this year, through Crocker's mediation, the South Africans met—for the first time in over 18 months—with their Angolan and Cuban counterparts around the same negotiating table. At this and other meetings with Crocker, the parties made important advances toward settlement.

- The Angolan/Cuban side has affirmed a commitment to total withdrawal of Cuban forces from Angola in the context of an overall settlement. In March, the Angolans tabled, for the first time, a timetable for complete Cuban withdrawal.

- The South Africans have reaffirmed their commitment to implement the plan for Namibian independence contained in UNSCR 435 if an acceptable timetable for Cuban troop withdrawal is achieved.

We have also had an intense dialogue with the Soviets—including discussions at the summit, ministerial, a expert levels—aimed at seeking ways to promote a political settlement. The U.S.S.R. provided over \$1 billion of aid to Angola in 1986, and this sum substantially increased in 1987. These subventions should give Moscow considerable leverage with both Havana and Luanda in promoting a political settlement.

In recent months, the Soviets have been willing to play a more active role in the diplomatic process.

- We welcome recent Soviet support of U.S. mediation efforts to reach a settlement linking independence for Namibia under UNSCR 435 with total Cuban troop withdrawal.

- We welcome a commitment to urge the parties to resolve outstanding differences by September 29, 1988—the tenth anniversary of approval of UNSCR 435.

- Finally, we have noted Deputy Foreign Minister Adamishin's comment in a June 6 interview reported in *The New York Times*, that a settlement would not hinge on an end to U.S. aid to UNITA [National Union for the Total Independence of Angola].

All of these are positive developments. An opportunity exists for further U.S.-Soviet cooperation, but the extent of that cooperation will depend upon Soviet willingness to help resolve a number of key outstanding issues or which the parties are still far apart.

- The 4-year withdrawal timetable proposed by Luanda is not realistic. The recent increase in Cuban troop strength in Angola raises serious questions about Cuban professions of a willingness to withdraw.

- Luanda also has yet to make a serious effort at national reconciliation with its long-time rival, the National Union for the Total Independence of Angola. Led by Jonas Savimbi and enjoying the support of at least 40% of the Angolan population, UNITA is a genuine nationalist force with which the MPLA will have to come to terms if there is to be peace and stability in Angola. We will continue our aid to UNITA until this problem is solved.

- Finally, the commitment of all sides to total and complete implementation of UNSCR 435—majority rule in Namibia—must be fulfilled without qualification if an overall settlement is to be achieved.

Whether the parties will make the compromises required to resolve these issues is uncertain. The effort to achieve a settlement is burdened by a 15-year legacy of conflict and deep-seated fears on all sides that any change will be for the worse.

Nonetheless, it is increasingly clear that neither side can achieve a military victory, and both Luanda and Pretoria are feeling the costs of military stalemate. Angola is economically exhausted; its people, increasingly war-weary. South Africa gets only limited returns on its investment in Namibia. There is increasing public discussion within South Africa of the costs of the war and fears of longer white casualty lists. There is also a growing preoccupation with mounting internal problems.

International—especially African—pressure is coming to play a larger role. Because of South African support for UNITA, African nations have been reluctant to acknowledge the realities of the internal Angolan situation. But this is changing. There is increasing criticism within Africa of the Cuban role in Angola, and, in recent months, a number of key African leaders have moved quietly to bring Angolan adversaries together. These efforts deserve our full support.

For our part, the U.S. commitment to an early political settlement is firm. We intend to remain active on this front to the very end of this Administration.

Conclusion

I do not wish to exaggerate the progress we have made in our dialogue with the Soviets on regional issues. The Soviet troop withdrawal from Afghanistan is not yet complete, and the conflicts in Cambodia and southern Africa are far from resolved. In a number of areas, forward movement has been modest.

On the Middle East, while our dialogue shows some promise, there are still significant differences regarding the role of an international conference and the nature of Palestinian representation in it.

On the Iran-Iraq war, we were encouraged in July 1987 by Soviet cooperation in the UN Security Council in adopting UNSCR 598. We have been disappointed, however, with Moscow's subsequent unwillingness to support an enforcement resolution.

In Central America, destabilizing Soviet arms deliveries to Nicaragua continue, despite calls for their curtailment by [Costa Rican] President Arias and the congressional ban on U.S. military supplies to the resistance.

Perspectives on Change in the Soviet Union

by Rozanne L. Ridgway

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on June 29, 1988. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.¹

I am pleased to be here to help conclude the subcommittee's series of hearings on change in the Soviet Union and its implications for U.S. policy.

Yes, there is change in today's Soviet Union. It is not a test of one's ideology to say so. But it is hard to go beyond that statement. I hear all kinds of descriptions. Some focus on plans for economic reform and the effort to sell that to the party and the country. Others concentrate on the emerging inter-relationships between economic reform on the one hand and reform in the cultural and political fields on the other. It's true enough that there is an inter-relationship, but we don't yet know what will happen with it.

As this agenda of unresolved issues shows, the competitive elements of the U.S.-Soviet relationship persist. Our two countries remain vastly different in the way we view the rights of the individual and in the way we relate to other countries. Nonetheless, our policies toward the Soviet Union are working and, with patience, persistence, and bipartisanship, they will continue to work.

The Soviet commitment to withdraw from Afghanistan indicates that there may be, for the first time ever, a Soviet willingness to reexamine Soviet security and other interests in order to bring them closer to international norms. Some Soviets have even begun to acknowledge publicly that Brezhnev's actions in the Third World were responsible for the demise of détente in the 1970s.

We can only welcome a Soviet reassessment of past policies. And I am hopeful that we can develop further opportunities for U.S.-Soviet cooperation in helping local parties resolve even some of the most intractable regional disputes. ■

I want, therefore, to give a very personal view of what kind of change I see. Let me share with you three thoughts on change.

First, there is the promise of change. A new generation of Soviet leaders is running things. The people in many key jobs are different and bring different experiences and perceptions of what the Soviet Union needs. They use different language—more direct and spelling out different priorities. Venerable institutions are being reorganized.

Then there is the perception of change. Disasters are announced promptly. Public discussion is permitted of many sensitive issues. Our ambassador in Moscow, Jack Matlock, says that for the first time in his lifetime of following Soviet affairs, a Soviet newspaper reads like a newspaper. Long-banned literature, theater, and films are being published and produced. The Soviets are looking at their past: criticizing Stalin, rehabilitating Bukharin. People have been released from prison.

These things happening in the intellectual and cultural areas are not at the heart of how the Soviet Union actually maintains party and state power, but they are symbolic of it, they have created a new atmosphere, and they suggest new attitudes.

Finally, there is the reality of change. The reality is what might be actually underway involving structural change, what may make the nature of the Soviet Union truly different over the long term. The General Secretary Gorbachev I see is a committed Marxist trying to make the Soviet system function effectively, particularly its economy. He appears to be willing to adjust certain international relationships, and perhaps also some domestic arrangements of interest to the Soviet Union's international partners, in order to be able to concentrate more fully on that complex and difficult domestic task.

The Soviets are now willing to sit down across a table with us and discuss, and sometimes make progress on, the full range of our agenda. That is not to say that Soviet values and Soviet interests are becoming the same as ours, or even, in many areas, compatible with ours. Gorbachev uses the word "democratization" in a peculiarly communist sense, and the West has chosen to mistranslate the Russian word *glasnost*. Gorbachev is most certainly not a Western liberal democrat.

That Gorbachev is committed to moving his *perestroika* program, his notion of reform, is real. But as Premier Ryzhkov also said to us in Moscow: it is not so much that there is opposition to *perestroika*, as that there is resistance.

There are real limits as yet to the reality of change. So far, the Soviet military force posture remains essentially unchanged, and Soviet weapons modernization programs continue apace. While the Soviets have resolved some individual human rights cases, and we are pleased that those individual human lives are thereby relieved, they have yet to address the structural and institutional restrictions on human rights that are built into Soviet society.

On things, therefore, that matter to the United States and our allies and how to deal with the changing Soviet Union, it is a confused picture. One has to be willing to negotiate our full agenda and to back away when, for the moment, that isn't possible.

Baltic Freedom Day, 1988

PROCLAMATION 5831, JUNE 14, 1988¹

In June 1940, acting under the color of a secret protocol to the infamous Ribbentrop-Molotov Non-Aggression Pact signed the previous year, Soviet forces occupied the independent Baltic States of Estonia, Latvia, and Lithuania. These small, democratic republics were crushed by the armies of their expansionist neighbor and illegally incorporated into the Soviet empire. In the aftermath of the Soviet takeover, tens of thousands of Balts were imprisoned, deported, or killed. Their religious and cultural heritage was denigrated and repressed. An alien political system, inimical to the ideals of individual liberty and self-determination, was imposed upon them.

The end of World War II saw the defeat of ambitious empire-builders in Germany and Japan, but foreign domination of the Baltic States that resulted from the collusion of Hitler and Stalin remained in place. For nearly five decades, the Soviet Union has tried in vain to convince the Baltic peoples to accept its hegemony, but its efforts are doomed to failure.

The situation has improved for some Soviet human rights activists in recent months, but Baltic men and women still suffer imprisonment, banishment, and persecution for daring to protest the continuing suppression of their national independence and cultures. Yet, despite the risks, they continue to speak out, to

plead, and to claim their rights to religious, cultural, and political freedom.

Our government has never recognized the forcible incorporation of the Baltic States into the Soviet Union, and we never will. The American people, citizens of a land conceived in liberty and dedicated to equality under God for all, support the aspirations of the Baltic people to regain the freedom that was theirs and to chart their own course. To this goal we pledge anew our unswerving commitment.

By Senate Joint Resolution 249, the Congress of the United States has authorized and requested the President to designate June 14, 1988, as "Baltic Freedom Day."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate June 14, 1988, as Baltic Freedom Day. I call upon the people of the United States to observe this day with appropriate remembrances and ceremonies and to reaffirm their commitment to principles of liberty and freedom for all oppressed people.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of June, in the year of our Lord nineteen hundred and eighty-eight, and of the Independence of the United States of America the two hundred and twelfth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of June 20, 1988.

We have made some progress. We have signed and ratified, and are now about to implement, an INF [intermediate-range nuclear forces] agreement. We have put in place a process of ministerials and summits which motivates the bureaucracies on both sides to stay serious about trying to chip away at the very real differences which divide us. We have concluded a number of modest bilateral agreements which are in the two countries' mutual interest.

The Soviets are withdrawing troops from Afghanistan, because even they eventually came to see that was in their interest. But it remains to be seen whether they will work constructively with other parties for solutions to conflicts in other parts of the world where

they perceive their interests engaged. In some areas, we think we see signs they may. We hope so.

Implications for U.S. Policy

What does all this mean for the United States and its allies? Western governments, or the outside world put together, are in a position to affect some of what happens in the Soviet Union—it is, after all, not a desert island—but we exert our influence very much at the margin of the main issues with which the Soviet Union is grappling.

Let me highlight for you the word used 10 days ago by the seven economic summit heads in Toronto, in their political declaration, to describe change in the Soviet Union.

In several important respects changes have taken place in relations between Western countries and the Soviet Union since we last met. For our part this evolution has come about because the industrialized democracies have been strong and united. In the Soviet Union greater freedom and openness will offer opportunities to reduce mistrust and build confidence. Each of us will respond positively to any such developments.

On what basis are we, here in the United States, prepared to respond? On the basis of U.S. interests; these are whatever happens in the Soviet Union. We will wish and need to pursue them with whatever leadership history serves up in Moscow. The directions that Gorbachev has set out seem to be healthy ones. If the Soviet Union moves in those directions, it will be a better place for Soviet people to live in. It may be a more responsible partner in world affairs. But we cannot know whether, or how far, the Soviet Union will, in fact, move in those directions. And we cannot make our own policy depend on the answer to those questions. Instead, we need a policy that gives the Soviets a clear, consistent view of the interests we will be pursuing in our dealings with them as they pursue theirs with us.

U.S. Interests

Our interests include:

- Defending and promoting carefully defined U.S. and Western foreign policy interests throughout the world in the face of persisting Soviet challenge;
- Encouraging humane values and democratic and pluralistic institutions throughout the world, including the Soviet Union;
- Deterring Soviet military attack and, in the nuclear age, ensuring that the combined Western nuclear and conventional deterrent is effective enough that its nuclear component never has to be used; and

- Encouraging sustained growth and health in the international economic system through expanding opportunity for free enterprise and trade.

And the test of success for us is whether or not we are able to deal with the Soviets on a sustained basis in a way that produces results in terms of those interests.

U.S. Policy Framework and Process

We have just seen, in the Moscow summit, an effort to sum up and record where U.S. policy toward the Soviet Union and the U.S.-Soviet relationship have taken us over the last few years. That policy approach is based on strength, realism, and dialogue together, reinforcing one another. It is a comprehensive policy. It goes beyond arms control to include all significant issues between the two countries. This was the conceptual origin of the four-part agenda, which was in place by late 1982/early 1983: human rights, arms control, regional issues representing conflicts which caused tension in the East-West relationship, and a range of bilateral issues.

The relationship has to be seen as a process rather than a series of lurches from triumph to tragedy. In a competitive and crisis-prone relationship, we need to be able to deal consistently with both the hard and the easy issues, with whatever Soviet leadership history turns up. We needed to be well-positioned, as Secretary Shultz put it in a speech last February, "to deal with the best and worst of Soviet behavior."

Where We Are; Where We Are Going

A lot of hard work has been required to get this far toward the goal of a U.S.-Soviet relationship that is stable and constructive on a long-term basis. Systematic, continuous negotiations across the range of issues is easy to talk about, hard to do.

In a sense, the Moscow summit was both a summation of the very solid progress we have made over the past 3 years and a recommitment to continue on the same path in the same direction. When the relationship is defined as a comprehensive process, no single high-

level meeting is critical, but all are useful, and this one was no exception.

We have a political dialogue in place that is realistic and solid enough to deal with all the issues, the hard and the less hard, in the relationship. It was clear in Moscow that the Soviets are willing to join us in the effort to take the dialogue as far as it can go in the months ahead. Again, for us, this is the element of change. The more there is, the more we will be able to respond.

As was spelled out in the joint statement issued at the Moscow summit, we have a very broad and detailed work program that will give substance to the commitment to keep going. As was spelled out in the political declaration of the economic summit of the industrialized democracies, the summit seven are prepared to respond to Soviet change across the range of our interests: in human rights, arms control, regional disputes, and contacts and trade.

The rate of progress on the U.S. agenda is dependent on what the Soviets see as in their interests, as well as what specific moves we see as in ours. But the agenda and the policy which underlies it are not dependent on the Soviets or their actions, intentions, or leadership. The policy and the agenda are ours to define. We have tried to define them to reflect and embody this country's real and enduring interests vis-a-vis the other superpower. We think that the policy and agenda have been realistic and that the results show they are realistic. We also think they provide a solid basis for the future.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. ■

Negotiating With the Soviet Union: Then and Now

by Edward L. Rowny

Address before the Seminar on Global Peace and Arms Control at the University of California in Santa Cruz on June 30, 1988. Ambassador Rowny is special adviser to the President and the Secretary of State for arms control matters.

Several years ago, I wrote an article entitled "Ten 'Commandments' for Negotiating with the Soviet Union." I tried to condense my experience in negotiating with the Soviets, first as the representative of the Joint Chiefs of Staff to the SALT II [strategic arms limitation talks] delegation and then as chief START [strategic arms reduction talks] negotiator, into some brief guidelines for others who would have to sit across the negotiating table from the Soviets in the future. I admonished future negotiators:

- Above all, remember the objective;
- Be patient;
- Keep secrets;
- Bear in mind the differences between the two political systems;
- Beware of 'Greeks' bearing gifts;
- Remember that for the Soviets, form is substance;
- Don't be deceived by the Soviet "fear of being invaded";
- Beware of eleventh hour negotiating;
- Don't be deceived by words; and
- Don't misinterpret the human element.

It is an appropriate time to see how these 'commandments' apply today.

A New Juncture in U.S.-Soviet Relations

Since I wrote that piece, there have been three General Secretaries of the Communist Party. We have gone from Brezhnev, the consummate *apparatchik*, car collector, and invader of Afghanistan; to Andropov, the former head of the KGB and the individual bearing much of the burden of responsibility for

turning psychiatry in the Soviet Union into an instrument of state terror and repression; to Chernenko, who is probably most notable for having the good grace to make timely way for Gorbachev.

There can be little question that we are now at a new juncture in the relationship between the United States and the Soviet Union. In arms control, we have signed and ratified the INF [Intermediate-Range Nuclear Forces] Treaty, which will eliminate an entire class of U.S. and Soviet nuclear missiles. We also achieved Soviet agreement on extensive verification provisions, including onsite inspections and monitoring that many believed unthinkable just a few years ago.

More importantly for the long-term development of superpower relations, we have made the U.S.-Soviet relationship four-dimensional. No longer do U.S.-Soviet summits focus exclusively on arms control. We discuss a whole spectrum of issues. Human rights now occupy a position of high priority on the agenda in a way never realized before—not only do we bring up Soviet human rights practices but the Soviets actually discuss them. We emphasize the importance of regional conflicts, where the threat to peace has already crossed the threshold into violence, as we consistently have done over Afghanistan, Cambodia, Ethiopia, Angola, the Middle East, and Central America. We candidly and publicly force the Soviet Government to face its responsibility for aggravating these regional conflicts. We also foster our bilateral relations with agreements on educational and cultural exchanges. Over 7½ years and four summits, the United States has made great strides in advancing the President's balanced and realistic approach to U.S.-Soviet relations through his broad, four-pillar agenda.

Changes in the Soviet leadership, specifically Gorbachev's rise to power, have aided this process. More importantly, however, we have capitalized on the arrival of the new Soviet leader by following the steady course of realism, patience, and strength plotted by Pres-

ident Reagan. The more significant question, though, is not whether or no U.S.-Soviet relations have reached a new stage. Clearly, they have. The real question is: Where will our relations go from here?

I submit that people who give a definitive answer to the real question don't know what they are talking about. The only honest answer is, "I don't know." We should all hope that Gorbachev's reforms are fundamental and institutional and that they will bring about a true liberalization of life in the Soviet Union. However, we must not assume this.

Considerations for Future Relations

My first commandment is to remember the objective. The U.S. objectives globally include:

- To strengthen our security and the security of our allies;
- To promote and defend freedom, democracy, and human rights abroad;
- To resolve peacefully disputes that affect U.S. interests in troubled regions of the world; and
- To build effective and friendly relationships with all states with which there is a basis of shared concern.

The objectives of the Soviet Union however, remain basically antagonistic to the broad interests of the United States. Soviet military power and active Soviet diplomacy continue to challenge the vital interests of the United States in many parts of the world. The Soviet Union places a high priority on creating and exploiting divisions within and among the Western allies. It continues to support local communist parties and insurgent movements that seek to undermine governments allied with or friendly to the United States and to replace them with authoritarian or totalitarian client regimes.

My fourth commandment is to bear in mind the fundamental differences between the political systems of the United States and the Soviet Union—constantly. These have not changed.

Glasnost is a good example. *Glasnost* in the Soviet Union is not analogous to the First Amendment in the United States. *Glasnost* is a privilege extended by the current leadership to criticize certain aspects of Soviet life that they want to reform. The media, which in a free society is one of the chief conduits of the public dialogue, is, in the Soviet Union, still under the ultimate control of the Communist Party. The Communist Party continues to dominate and set the boundaries of the permissible public debate in the Soviet Union.

Closely related to the need to conquer the fundamental differences between the two political systems is my fifth commandment: don't be deceived by words. It is impossible these days to hear a Soviet commentator in the West—and they seem to be everywhere, from "Nightline" to the Donahue Show—talk about what is going on in the Soviet Union without using the words "democracy" or "democratization." They are trying to democratize the Soviet Union, they say. Even dyed-in-the-wool propagandists like Georgi Arbatov would have us believe that they have always been closet reformers. The words of thinking Americans spin at the thought of the Soviet Union becoming democratic.

But by "democracy" these Soviet spokesmen mean nothing like what the word means to us in the West. They do not mean allowing Soviet citizens to determine the political composition of their government. Nor do they mean an unfettered right to elect their representatives directly and replace them when they have not done their job or to set the guidelines of the domestic and international policy their leaders follow. By "democracy" and "democratization," the Soviets mean that they are trying to make the Communist Party and the state bureaucracy controls somewhat more responsive to the needs of the Soviet people that for so long have been virtually ignored. We in the West must not be led into thinking it because Soviet spokesmen use the word "democracy" frequently, we are dealing with a group of fledgling democrats.

The discussion at the summit about "peaceful coexistence" is instructive in coming to a judgment about the Soviet Union's attitudes toward international affairs. Gorbachev, the leading proponent of "new thinking" in the Soviet

Union, submitted a draft paragraph for the summit joint statement containing an icon of old thinking—the phrase "peaceful coexistence"—in addition to other objectionable language. There was a good deal of discussion between the President and Gorbachev on whether or not this phrase should be included. Ultimately, it was left out.

On the face of it, what could possibly be objectionable about conducting your relations on the basis of "peaceful coexistence"? But this phrase is another example of "semantic infiltration"—that is, the use of terminology as a Soviet code for something quite different from the ordinary meaning of the words as understood in the West. "Peaceful coexistence," as it has been practiced by the Soviets, means to them that we, in effect, will condone continued Soviet attempts to expand their regional influence through direct intervention, local proxy wars, or other such means. This is why the President would not permit the reference to "peaceful coexistence." The President instead underscored the value of dialogue "based on realism and focused on the achievement of concrete results." He insisted on noting the real differences between the United States and Soviet Union, not on endorsing vague principles that mask them.

Most of my commandments fall into two categories. The first category includes those that remind the negotiator of the essential differences between the United States and Soviet Union—differences that are often obscured in a negotiation. The second includes those that warn the negotiator how the Soviets will attempt to exploit those differences to their advantage.

Two commandments make a particularly important pair from these categories. My sixth commandment admonishes: "remember that to the Russians, form is substance." The Soviet belief in form as substance explains a good deal of their desire to focus the attention of the West on arms control as the central pillar of the U.S.-Soviet relationship. Grandiose but unrealistic and unverifiable Soviet disarmament proposals can yield them public relations dividends, while they have marginal effect on the seemingly inevitable march of Soviet military modernization. The Soviets believe it is extremely important to keep the "process" of arms control with the United States going. This is true, quite

irrespective of whether or not any agreement is ever reached. They have used this process to concentrate the attention of Western publics on nuclear weapons and arms control to the exclusion of the other fundamental aspects of the U.S.-Soviet relationship. They have sought to shift attention away from areas such as human rights and regional conflicts where Soviet policy is not so fetching. The message: Nuclear weapons are the enemy; we are not.

Even under Gorbachev, Soviet spokesmen have admitted that a chief goal of their diplomacy now is to "deny the United States the image of an enemy." But for U.S.-Soviet relations to improve truly, the Soviets must do more than merely put a smiling face on their diplomacy; they must fundamentally alter their behavior. One key test will be in the application of the so-called defensive doctrine. For this to be a real harbinger of improvement in the U.S.-Soviet relationship, it must become more than a slogan. In the past, we have seen empty Soviet slogans professing a belief in military "equality" and "sufficiency" at the same time we have seen massive buildups in Soviet forces across the board. To become more than a slogan, the "defensive doctrine" must come to be reflected in Soviet force structure and, though it is less visible to us in the West, in their military doctrine itself. This is something the Soviets can and should do on their own. We in the West did not force an offensive doctrine on the Soviet Union, and we should not be asked to pay a price in arms control for the restructuring of Soviet forces from an overtly offensive to a defensive posture.

Secretary of Defense Carlucci has noted there is no evidence that the "defensive doctrine" is being reflected in Warsaw Pact force posture. Senior NATO officials have made the same observation. Indeed, such a change in Soviet forces and doctrine would have to be manifested over a significant period of years and be attended by other changes in Soviet international behavior before the free world should come to rely on it as a real change in the Soviet Union. If, on the other hand, the massive resources we see being devoted to the military by Gorbachev continue in the face of savings from possible reductions and the drawdown in Afghanistan, we will know that the concept of "defensive doctrine" is empty rhetoric.

When the Soviets are serious about concluding an arms control deal, as they were in INF, they will still attempt to manipulate the arms control "process" to create momentum they can use to try to force the United States to make precipitate decisions and unwise concessions. Thus, my eighth commandment warns: "beware of negotiating at the eleventh hour." Eleventh-hour tactics are among the most time-honored of Soviet negotiating techniques. But to use them, the Soviets must be able to put us up against the wall of an artificial deadline. One example of this is the continued speculation and questioning about whether a START treaty will be concluded by the end of President Reagan's term. But the Soviets will be disappointed if they believe they can use the date of January 1989 to put pressure on us. President Reagan, an old negotiator himself, knows the pitfalls of dealing under a deadline. He made it clear after the summit that there are no deadlines for START. Our goal, as he often has said, is a good treaty, not a fast treaty.

The Human Element

Finally, I would like to reemphasize the one commandment that may be most important in the age of Gorbachev and *glasnost*—the tenth: "don't misinterpret the human element." Even under previous Soviet general secretaries, there was a tendency among U.S. negotiators to think that if only they could establish the right kind of personal relationship with their Soviet counterparts, they could somehow "melt the ice" or "break the logjam" that they felt was artificially preventing progress. This is a misconception, and by no means an isolated one.

In dealing with the Soviets, we must resist the notion that personal relationships transcend superpower interests. While personal relationships can facilitate the process of negotiation, they cannot fundamentally alter its

basis. For example, Secretary Shultz and Foreign Minister Shevardnadze enjoy a good working relationship that enables them to cut through a lot of superficial layers in their dealings with one another. President Reagan and General Secretary Gorbachev enjoy a mutual respect and even, on one plane, a liking for one another that allows them largely to dispense with polemics and get right down to business in their meetings. My own experience in dealing with Marshal Sergei Akhromeyev, Chief of the Soviet General Staff, across the table and in personal conversation, convinces me that he is a consummate, no-nonsense professional. His appearance at the negotiating table means business is about to be done. Akhromeyev's combination of competence and clout mean that the opportunities presented by our frequent senior-level meetings often realize tangible results.

Certain types of personalities can facilitate the process of negotiation. But, as I indicated, personalities don't change geopolitics. Despite personal relationships, it still took over 6 years and much difficult negotiation to get the INF Treaty, based on President Reagan's initial zero-optional proposal. We are still a long way away from a completed START treaty, with its myriad, complex details and remaining differences over some fundamental issues of substance. Gorbachev's and Reagan's personalities aren't getting the Soviet Union out of Afghanistan; the *mujahidin* resistance is. The Soviets still funnel millions of dollars in military assistance to leftist guerrillas and the Sandinistas in Central America. And it must not be overlooked that Akhromeyev's job is still to advance the interests of the Soviet Union. His clout stems from his ability to promote a strengthened military posture. Whereas Marshal Ogarkov, his predecessor, was unable to make the case for increased expenditures and keep his job, there are indications that Akhromeyev has succeeded in getting Gorbachev to maintain or up the military's share of the Soviet GNP [gross national product] from the 15%–17% range.

We must not be misled by the fact that the Soviets now have leaders and spokesmen who smile. Gorbachev represents a qualitative difference in the style of the Soviet leadership. But, as Andrei Gromyko reminded us, Gorbachev "has a nice smile, but iron teeth." Indeed, we still see many of the same old faces popping up, like Georgi Arbatov's, though they're now more pleasant and don't use phrases like "U.S. imperialism" as often as they used to. The Soviet Union is still, first and foremost, a communist state fundamentally unlike the Western democracies and the greatest land power on the Eurasian continent.

Conclusion

The Soviets are certainly allowing some cracks to appear in their old visage. They seem more flexible and often even accommodating. But because Soviet diplomacy has become less predictable doesn't necessarily mean that it has become less inimical to U.S. and allied interests. It may mean only that the Soviets have gotten smarter—that they still want to achieve the same ends but are far more clever about their means. And we will not know which of these conclusions is correct for years.

In the meantime, Western diplomats and negotiators should continue to follow these 10 commandments for dealing with the Soviets. We can and should look for and encourage signs of real change in the Soviet Union. We should continue pressing them, as President Reagan did in Moscow, to move from *perestroika*—restructuring—to *metanoia*—the biblical term for a "change of heart." We would see the signs of this not in different words or more pleasant appearances but in the situation on the ground in Eastern Europe and in Soviet activities worldwide. They are not there yet. ■

Visit of Italian Prime Minister



Prime Minister Ciriaco De Mita of the Republic of Italy made an official working visit to Washington, D.C., June 13-16, 1988, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister De Mita after their meeting on June 14.

President Reagan

It has been my great pleasure to meet today with Prime Minister De Mita of Italy, who is no stranger to the White House. But this is the first time that he comes as Prime Minister, and I want to begin by offering our warmest congratulations.

I regard this visit as extremely important. As members of the Atlantic community and as major industrial states, the United States and the Republic of Italy have much to discuss and much to share. Accordingly, our discussions today are wide ranging and extremely useful. Although our agenda was far too long for me to discuss in detail, let me just give you some of the highlights.

First, I gave the Prime Minister my views on where our relationship stands with the Soviet Union and where it is going. I told him that we're very pleased with the progress that we've made on the broad agenda and, of course, with the entry into force of the INF [Intermediate-Range Nuclear Forces] Treaty. I also told him of my firm belief that without Italy's courage, determination, and support throughout INF deployment and negotiations, there would have been no treaty. In arms reductions and the other areas on our agenda, much work remains to be done. We will continue to depend, and gratefully so, upon Italy's support as an ally and advice as a friend.

One of the important issues before our alliance is where we will redeploy the 401st Tactical Fighter Wing, the F-16s. Italy's willingness, at NATO invitation, to consider accepting the planes on its soil is typical of Italy's serious approach toward its alliance commitments. Its willingness to do its part, to share the risks and responsibilities, as well as the benefits of NATO membership, is exemplary.

The Prime Minister and I will meet again shortly in Toronto, where we'll participate in our economic summit. We reviewed some of the issues that we expect to discuss there, including Italy's welcome initiative to strengthen international environmental protection activities.

Prime Minister De Mita and I also talked about our mutual desire for a peaceful end to the conflict between Iran and Iraq and for a comprehensive peace in the Middle East. I know there's deep interest and concern among the Italian people on these issues, and we appreciate the positive role that the Government of Italy has played in that troubled region.

Another issue of great concern to all of us is international terrorism. In the last 6 months, Italy has been the victim of two shocking incidents: the death of one of your close friends, Mr. Prime Minister, in which I want to extend again my deepest condolences, and an attack on a USO club in Naples, in which an American servicewoman was killed. These incidents, terrible as they are, only serve to strengthen our resolve. And they remind us of the importance of our cooperative efforts against the human scourge of terrorism.

In closing, I must confess that 6 months ago I said that U.S.-Italian relations could hardly be better, but remarkably, they are. In fact, I believe that we've made significant progress in a number of areas, and I'm confident that we'll continue this trend for the foreseeable future. We're indeed pleased and honored to have had you as our guest.

Prime Minister De Mita²

I should like to thank President Reagan for the welcome extended to me today, which bears witness to the longstanding bonds of friendship that exist between Italy and the United States.

I have once again expressed to the President the admiration and esteem of the Italian Government for the courage and determination with which he has pursued his farsighted plan to effectively ease the tensions between East and West during his recent discussions with the General Secretary of the Soviet Communist Party, Gorbachev. Italy warmly welcomes the outcome of the Moscow summit and believes that it is a prelude to further and more wide-ranging agreements along the paths of peace.

I reaffirm the fact that Italy will continue with conviction to share in the commitments and undertakings of the alliance which binds us, safeguards our freedoms, and underpins the development of the West. The prospects for a lasting peace which are now emerging in the world require us to prevent any weakening of Atlantic solidarity, to refrain from any actions of unilateral disarmament, and to ensure that differential security zones are not created in Europe. I also stressed to President Reagan the importance we attribute to strengthening the relationship between the United States and Europe—that Europe which represents the other major goal of the Italian Government and the major contribution which a strong, united, and prosperous Europe, coupled with a solid Euro-American partnership, can make toward the peace and development of the whole world.

With President Reagan, I reviewed the main aspects of the international situation. We expressed a shared concern at the protracted states of crises in the Middle East, Southeast Asia, southern Africa, and Latin America. We also expressed the hope that the improved climate of trust which now characterizes the dialogue between East and West may exercise a favorable effort on these crises and help lead to peaceful and fair settlements.

Particular attention was devoted to the preparations for the summit of the seven most industrialized nations in Toronto in relation to economic growth, trade issues, and problems of international indebtedness. In Toronto, the seven will have to demonstrate their political farsightedness in order to withstand any backward protectionist tendencies and any selfish inward-looking attitudes. I also reminded President Reagan of the particular importance which Italy attaches to the risks connected with the deterioration of the environment and the fight against the worldwide scourge of drugs.

Lastly, we reviewed bilateral relations between the United States and Italy and expressed our satisfaction at how well they are faring, along with the hope that cooperation and exchanges in every sector will continue to increase and intensify. There is a fundamental bond which unites Italy and the United States in this respect, and that is represented by Americans of Italian origin. They continue to make a growing contribution to strengthening the ties between our two countries.

Today's conversations have enhanced my personal conviction that

there exists a special relationship between Italy and the United States, a permanent political solidarity from which our two countries will greatly benefit in their commitment to the pursuit of a future characterized by peace, justice, and progress.

Italy—A Profile

Geography

Area: 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined. **Cities:** *Capital*—Rome (pop. 2.8 million). *Other cities*—Milan, Naples, Turin. **Terrain:** Mostly rugged and mountainous. **Climate:** Generally mild Mediterranean; cold northern winters.



People

Nationality: *Noun and adjective*—Italian(s). **Population** (mid-1986): 57.3 million. **Annual growth rate** (1986): 2.3%. **Ethnic groups:** Primarily Italian, but small groups of German-, French-, Slovene-, and Albanian-Italians. **Religion:** Roman Catholic. **Language:** Italian. **Education:** *Years compulsory*—8. *Literacy*—98%. **Health:** *Infant mortality rate* (1986)—14.3/1,000 live births (1986). *Life expectancy*—73 yrs. **Workforce** (1986) 23 million; employed 20.7 million; *Agriculture*—10%. *Industry and commerce*—30%. *Services*—60%.

Government

Type: Republic since June 2, 1946.

Constitution: January 1, 1948. Kingdom of Italy proclaimed March 17, 1861.

Branches: *Executive*—president (chief of state), Council of Ministers (Cabinet),

¹Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of June 20 1988).

²Prime Minister De Mita spoke in Italian, and his remarks were translated by a interpreter. ■

headed by the president of the council (prime minister). **Legislative**—bicameral Parliament; 630-member Chamber of Deputies, 322-member Senate. **Judicial**—independent constitutional court and lower magistracy.

Subdivisions: 94 provinces, 20 region. **Political parties:** Christian Democratic, Communist, Socialist, Italian Social Movement, Social Democratic, Republican Liberal. **Suffrage:** Universal over 18.

Defense (1986*): 2.5% of GNP.

Flag: Three vertical bands—green, white, and red.

Economy

GDP (1986*): \$368.7 billion. **Per capita income** (1986*): \$6,447. **Avg. inflation rate** (last 4 yrs.): 10%.

Natural resources: Fish, natural gas.

Agriculture: *Products*—wheat, rice, grapes, olives, citrus fruits.

Industry: *Types*—automobiles, machinery, chemicals, textiles, shoes.

Trade (1986*): *Exports* (f.o.b.)—\$80.7 billion: machinery and transport equipment, textiles, foodstuffs, chemicals, footwear. *Imports* (f.o.b.)—\$83.0 billion: machinery and transport equipment, foodstuffs, ferrous and nonferrous metals wool, cotton, petroleum. *Major trade partners* (1986*)—F.R.G. 16%, France 13%, U.K. 6%, U.S. 9%, U.S.S.R. 2%, OPEC 12%.

Exchange rate (fluctuates): 1,320 lire = US\$1 (Jan. 1987).

Membership in International Organizations

UN and some of its specialized and related agencies, NATO, Organization for Economic Cooperation and Development (OECD), European Community (EC), Western European Union, Council of Europe, INTELSTAT.

*1986 figures are estimates.

Taken from the *Background Notes of April 1987*, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

Visit of Turkish President

President Kenan Evren of the Republic of Turkey made a state visit to the United States June 26-July 2, 1988, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Evren at the welcoming ceremony on June 27, 1988.¹

President Reagan

The founder of the Turkish Republic, Mustafa Kemal Ataturk, once said, "Happy is he who can call himself a Turk." I can say that I understand that sentiment. And I can also say that, Happy is the American President who can welcome the Turkish President. Let me welcome you to the United States on behalf of myself and the American people.

We are proud to have the Turkish President here. Turkey and the United States have the strongest of bonds: friendship and alliance. Our relations have been characterized by success. Together with their NATO allies, Turkey and the United States have been partners in the most successful alliance the world has ever known, an alliance that has maintained the peace for nearly 40 years.

The modern Turkish-American partnership began in 1947. The Turkish people demonstrated the will and courage that were required to meet the threat of aggression. The American people, with similar will and courage, were able to support them. In the 40 years that have followed, the strength and durability of our partnership, and of the NATO alliance, have discouraged aggression. In Korea, Turks and Americans shed blood together on the battlefield in defense of freedom. Today the solidarity of our mutual commitment to collective security keeps us safe and enables us to seek improved relations with our adversaries from a position of strength.

The ties between Turkey and the United States are broader than our common security interests. We are brought together by the strong bonds that derive from shared values as well. And I might say, Americans have admired the way that Turkey pulled itself back to democracy when challenged by the violent forces of terrorism and anarchy a decade ago. We are well aware of your own distinguished role, Mr. President, in maintaining Turkey's de-



White House photo by Mary Anne Fackelman-Miner

votion to the ideals of Ataturk. Your country's pride in that accomplishment is understandable. For our part, the American people are proud of the decades of support they have given to Turkey. Friendships must never be taken for granted. We want our ties with the Turkish nation to grow and to deepen. Happily that process is well underway. As vigorous democracies, our peoples should get to know each other better.

Last year the "Suleyman the Magnificent" exhibit—magnificent in itself—opened the eyes of Americans to the richness of the Turkish heritage. Visits between American congressmen and women and Turkish parliamentarians have increased in recent years and with that increase has come better understanding. Our trade relations are growing, and Turkey is strongly attracting American investors. And I firmly believe that trade and investment are the surest ways that Turkey can find to ensure the prosperity its people seek.

Turkey and the United States are allies and friends; as such, we have a record of success together. In our coming meetings, I know that we will en-

hance that friendship and add to the record of success. I am confident, too, that your full schedule, with its intense program of contacts with American political, economic, and cultural leaders, will further strengthen mutual understanding and our sense of common purpose. I look forward to discussing with you the ways in which we can strengthen our established ties and create new forms of cooperation in defense of these purposes and values. As Turkey and the United States look ahead to the next century, our continuing friendship and alliance will continue to serve us well. It cannot be otherwise, for at the root of our relationship are common goals—democracy, peace, and security for our peoples.

And now I have the honor of presenting to you the Legion of Merit, Chief Commander, one of the highest military honors our country awards, for the service of Turkish forces in the Korean conflict. I present this not only as a tribute to the valor of the Turkish military and the people of your nation but as a symbol of our alliance on so many fronts over so many years in the cause of peace and freedom.

President Evren

I thank you for the kind invitation to visit the United States of America and for your generous hospitality. Your warm words of welcome have moved us. This ceremony, which marks the beginning of my visit, brings together the national flags of Turkey and the United States, allies whose ties have stood the test of time.

Thousands of Turks like myself still recall the memories of fighting shoulder to shoulder with American soldiers in Korea for the defense of freedom. We have been allies at war and in peace. This Legion of Merit award is a reflection of the fact that the outstanding services of the Turkish brigade in Korea are still fresh in the minds of our American friends, and I accept it with deep appreciation on behalf of the entire Turkish nation. In so doing, I express not only my own personal thanks but also those of my 54 million fellow Turks who share with me the pride of their nation of this occasion. Recalling our comrades in arms who made the ultimate sacrifice in Korea, I assure you that the dedication of the Turkish people to the principle of freedom and democracy remains as undiminished today as it did 40 years ago.

My visit to your country is also the natural consequence of the interest and support which your Administration from the outset has extended to Turkey

and to the development of Turkish-American friendship. This interest, which we much appreciate, is rooted in Turkey's dedication to Western ideals of democracy, peace, and stability. As in the past, the core of Turkish-American relations continues to consist of commonly held political views and values. Those elements constitute the most valid guarantee of the durability and closeness of our friendship, as well as the fruitfulness of our cooperation. The stable development of Turkish-American relations, based on equality and mutual interests, is to the benefit of our countries, the free world, and international peace and security.

I am confident that my visit will provide the opportunity for a productive dialogue on how we can further expand and deepen our bonds. At the same time, I hope that my visit will also contribute to a better recognition of Turkey and the United States by our respective peoples, and particularly of Turkey as a reliable partner.

The people of Turkey follow with admiration your determined efforts for the defense of freedom, strengthening of peace, and development and reduction of international tensions. Strengthening of peace, freedom, and independence remain high on the global agenda. Situated in a region where these issues are paramount, Turkey is determined to continue its contribution to peace and stability. Turkey serves as an anchor of democracy, freedom, and stability in a region in turmoil. Your own Thomas Paine once wrote, "Those who expect to reap the blessings of freedom must . . . undergo the fatigue of supporting it." Let me say that in Turkey, we do not feel fatigued by our support of the Western allies because we know that by supporting the allies, we may all continue to reap the blessings of freedom.

I am delighted to meet you, the distinguished members of your Administration, and be among the great people of this country. As a final word, let me say that I look with hope and confidence to the future of the relations between our two countries sharing the ideals of peace, stability, freedom, and prosperity. I thank you once again for your kind invitation.

¹Made at the South Portico of the White House where President Evren was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of July 4, 1988). ■

Turkey—A Profile

Geography

Area: 766,640 sq. km. (296,000 sq. mi.); slightly larger than Texas. **Cities:** *Capital*—Ankara (pop. 3.5 million). *Other cities*—Istanbul (5.86 million), Izmir (2.3 million), Adana (1.76 million). **Terrain:** Narrow coastal plain surrounds Anatolia; an inland plateau becomes increasingly rugged as it progresses eastward. **Climate:** Moderate in coastal areas, harsher temperatures inland.



People

Nationality: *Noun*—Turk(s). *Adjective*—Turkish. **Population** (1986 est.): 51.8 million. **Annual growth rate:** 2.5%. **Ethnic groups:** Turkish, Kurdish, other. **Religions:** Muslim 98%, Christian, Jewish. **Languages:** Turkish (official), Kurdish, Arabic. **Education:** *Years compulsory*—6. *Attendance*—95%. *Literacy*—70%. **Health:** *Infant mortality rate*—12.3/1,000. *Life expectancy*—62.7 yrs. **Workforce** (18.1 million): *Agriculture*—58%, *Industry and commerce*—17%, *Services*—25%.

Government

Type: Republic. **Independence:** 1923. **Constitution:** November 7, 1982.

Branches: Under the 1982 constitution, a unicameral 400-member parliament (the Grand National Assembly) and a strengthened presidency were established. The number of seats in parliament was raised to 450 in 1987. An advisory Presidential Council, consisting of the members of the previous National Security Council, also was established for an interim 6-year period. The judicial system has been left intact. **Executive**—president (chief of state), prime minister, Council of Ministers (cabinet). **Legislative**—Grand National As-

sembly chosen by national elections at least every 5 years. **Judicial**—Constitutional Court, Court of Cassation, Council of State, High Council of Judges and Prosecutors.

Political parties: Motherland Party (ANAP), Social Democrat Populist Party (SHP), Correct Way Party (DYP), Democratic Left Party (DSP), several smaller parties. **Suffrage:** Universal over 21.

Central government budget (1986 est.): \$12.1 billion (8,128 billion Turkish lira).

Defense: 4.7% of 1986 GDP or 20% of 1986 budget.

National holiday: Republic Day, October 29.

Flag: White crescent and star on a red field.

Economy

GNP (1986 est.): \$59.4 billion. **Annual growth rate** (1980–86): 7%. **Per capita income:** \$1,160. **Avg. annual inflation rate** (1986 est.): About 30%.

Natural resources: Coal, chromite, copper, boron, oil.

Agriculture (18.5% of GNP): *Products*—cotton, tobacco, cereals, sugar beets, fruit, nuts.

Industry (27.8% of GNP): *Types*—tiles, processed foodstuffs, iron and steel cement, leather goods.

Trade (1987 est.): *Exports*—\$10.2 billion: tobacco, cotton, textiles, cement, r sins, nuts, leather, glass, ceramics. *Imports*—\$14.2 billion: (by value) Petroleum, pharmaceuticals and dyes, iron and steel, machinery, plastics and rubber transport vehicles. *Major partners*—F.R.G., Iraq, Iran, U.S., France, U.K., Italy, Libya, Eastern Europe.

Fiscal year: Calendar year.

Official exchange rate (Feb. 1988): 1182 Turkish lira = US\$1.

U.S. economic aid received (FY 1946–87): \$4.2 billion. **U.S. military aid** (FY 1946–87): \$8.8 billion.

Membership in

International Organizations
UN, Organization for Economic Cooperation and Development (OECD), INTEL-SAT, North Atlantic Treaty Organization (NATO), Islamic Conference Organization (OIC), European Community (EC) associate member, Council of Europe.

Taken from the *Background Notes* of March 1988, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

Openness: The Only Path to Progress

by John C. Whitehead

Address before the Conference on New Approaches to East-West Security, the Institute for East-West Security Studies in Potsdam, German Democratic Republic, on June 10, 1988. Mr. Whitehead is Deputy Secretary of State.

would like to thank the Institute for East-West Security Studies for affording me the opportunity to speak to this distinguished audience. In addition, I could certainly like to commend the Institute and its president, John Mroz, for making this conference possible, with the cooperation of the Ministry of Foreign Affairs of the German Democratic Republic. I know that I speak for any others when I express my admiration for the Institute and its accomplishments. I wish it every success in its current and future endeavors to encourage ever-greater East-West dialogue, respect, and mutual understanding.

Mistaken identity is, as you know, among the playwrights' favorite devices. Similarly, jokes and stories based on confusion about the meaning of words are among the staples of comedy. Yet for those concerned with diplomacy and the relations between nations, confusions about the meanings of words are anything but amusing, and this is all the more true of words that do not merely describe but themselves generate expectations.

Much has been said recently in this part of the world about *glasnost* or openness. The same is true in the West, where news reports and analyses of the recent hopeful developments in the Soviet Union and the individual nations of Eastern Europe utilize the word "openness" with regularity. Yet precisely because we hear the word used with great frequency, it is important to make clear its various meanings and implications.

In the West, the word "openness" can refer both to a condition and an attitude. We say that a view, or street, or border is "open" when it is free of barriers and restrictions. From this definition comes the related one of "openness" as an attitude. When the word "openness" is used in this way, it means receptivity to new ideas and people and is closely related to other attributes, such as tolerance and candor.

Yet perhaps the most interesting thing I can tell you about the word "openness" is that—aside from its recent use in relation to *glasnost*—it is not a word Americans find great need of in everyday speech. Indeed, in many of our standard dictionaries, it does not even have its own entry.

At first glance, this would appear to be very odd, indeed, for both its admirers and its critics concede that the United States is an "open society." Indeed, some critics even charge that the United States is too open, that its lack of restrictions encourages social confusion and personal license. Of course, one solution to this puzzle is obvious: it is unnecessary to make frequent reference to a normal condition, and "openness" is the normal condition of life in the United States. But there is a deeper explanation, one that is also reflected in the everyday speech of ordinary men and women in the United States.

If an American is injured or aggrieved in any way, he will immediately tell you that you have violated his rights. Furthermore, he will speak about those rights in a very direct and personal way. He will not speak of his rights as dependent upon the state. He will not speak of his rights as existing on account of his membership in any organization or party. He will rather speak of his rights as part of his very person—as, indeed, unalienable or inseparable from his very existence as a human being.

Perhaps to some people, the principle that each and every human being has rights inseparable from his or her existence will seem strange. Nevertheless, this principle is no novelty. The founders of the United States wrote precisely that 200 years ago in the American Declaration of Independence.

Where did these first Americans get such a notion? From Athens and Jerusalem, from Wittenberg and Edinburgh. For it would also be correct to describe this belief as a product, long in the making, of the noblest minds of Western civilization.

It owes much to an old Greek who drank hemlock so that the wrong done him might ensure the freedom of future generations of philosophers. It owes even more to centuries of saintly examples from men and women who taught

by word and action that life is a gift from the Creator, and thus each individual person is precious. Its debts to Martin Luther and to certain philosophers of the Enlightenment are as obvious as they are profound.

Naturally, those of us in the West—recognizing as we do the lineage of "open societies"—take notice when "openness" is mentioned in relation to governments elsewhere. We take special notice when we find it discussed, and even promoted, in a part of the world where the principles of human rights we associate with open societies have not been widely accepted by governments.

We regard the current discussion of openness in the East as a very encouraging development. Thus far, the concept of openness under consideration east and south of Potsdam is not as fundamental as our own. It seems to regard openness as a means to other ends, especially greater economic prosperity, rather than as one of the attributes of a well-ordered society. Nevertheless, the discussion itself marks an important beginning. In time, it could prove to be a historic one.

In my remarks today, I would like to contribute to this discussion by focusing on openness as it relates to the theme of our conference, "New Approaches to East-West Security." I do so in the spirit of the recent Moscow summit, where President Reagan and General Secretary Gorbachev affirmed their own conviction that an expanding dialogue "represents an increasingly effective means of resolving issues of mutual interest and concern." Furthermore, though I remain committed to the deeper Western understanding I have outlined, I will argue for openness on instrumental or "pragmatic" grounds.

For I believe that—in the new world we are facing—openness is indispensable to security. The more open a nation's policies and practices are, the greater will be its security. I believe this to be the case both in terms of its national security, from external military threats, and also in terms of securing the material well-being of its citizens through economic growth.

My main thesis is this: if the Soviet Union and other members of the Warsaw Pact desire a genuinely secure world, they must continue—and, pref-

erably, they will accelerate—the movement now underway toward greater openness. I will illustrate this thesis with reference to arms control, economics, and human rights—three categories roughly corresponding to the three baskets of the Helsinki Final Act. This is particularly appropriate since the Helsinki accords indicated the recognition, by 35 governments of Europe and North America, that these issues are intimately related both to each other and to European security itself.

Security

The most obvious and direct link between openness and security has arisen—quite paradoxically—in the context of arms control. As we all know, the question of verification played a central role in the successful negotiations to eliminate intermediate and shorter range nuclear weapons. Verification continues to play a major role in the ongoing START [strategic arms reduction talks] negotiations. Indeed, it remains the key to concluding a START agreement.

At the beginning of the arms control era, we heard much talk about what is referred to as “national technical means of verification.” This was never a completely satisfactory method of verification. It became less satisfactory as missiles became smaller, more varied, and more mobile. Today no one believes that a mobile nuclear missile can be tracked with certainty from factory to staging site solely from the air. And how does one distinguish—from any distance at all—between nuclear and conventional cruise missiles?

The solution to the problem has proved to be openness. During the negotiations over the INF [Intermediate-Range Nuclear Forces] Treaty, both sides came to recognize that the only way to assure compliance with the agreement was to permit the other side to inspect the factories where the weapons were made.

Years from now, this may prove to have been the most seminal advance in the history of nuclear disarmament. In the interests of greater security, two adversaries—wary of each other's motives and lacking in trust—agreed to open some of their most secure and secret facilities to the inspection of the other. The exchange of the instruments of ratification by President Reagan and General Secretary Gorbachev at the Moscow summit was a fitting climax to this pioneering experiment in openness.

Notwithstanding the remarkable nature of the final achievement, however, verification proved to be a problem in the INF Treaty negotiations to the very end. Although our negotiators worked hard at the Moscow summit and made some progress, the problems with regard to the START treaty are proving to be even greater. START, after all, deals with a large variety of different weapons systems, whose numbers will be reduced, not eliminated. As both sides recognized in Moscow, the solutions to the problems will require even greater openness. Both sides face the uncomfortable prospect of ever-greater numbers of inspection teams searching every corner of their most highly classified, heavily guarded facilities. The paradox could not be more striking. Because we do not trust one another, we are opening up to one another.

With respect to arms control, openness has become indispensable to security. Furthermore, in the START talks—and in any future negotiations—it will continue to be so. Simply put, the greater the openness to which each side will agree, the greater will be our progress in arms control and the greater will be our mutual security.

The United States is willing to play its full role in this process. We favor opening our facilities in whatever way is necessary to ensure adequate verification on a reciprocal basis. But if we are to continue to make progress in arms control negotiations, both sides will have to make the same effort. Reciprocity will be the doorway to progress. Openness will be the key to reciprocity.

Economics

Economic life suggests a more subtle but no less important link between openness and security. Of course, the relationship between a country's economic success and its security is obvious enough. What may not be so obvious, however, is that economic openness is the only sure path to economic success.

Not all that long ago, many in this part of the world looked forward to an economic flowering under socialism. Heavy industry was springing up throughout Eastern Europe. The growth rates of national economies were rising sharply—indeed, were outstripping those in the West. Confidence was so great that Soviet leaders predicted the day when the Soviet economy would overtake that of the United States.

It did not happen. The Eastern “economic miracle” had depended on large pool of surplus labor and a plentiful supply of inexpensive natural resources. Once these material advantages were depleted, beginning about 1970, growth rates began to plummet.

Rather than overtaking the United States, the Soviet Union reached its top production at a level only about 50% of the U.S. gross national product. And since the Eastern economies concentrated on heavy industry at the expense of the average citizen-consumer, Soviet per capita consumption figures were even more revealing—a disappointing 35% of the U.S. performance. Elsewhere, in other Eastern countries, results were more or less the same: two decades, despite continuing absolute growth and achievement, the Eastern record has been one of comparative decline.

The reasons for the decline are fairly well understood. As President Reagan pointed out in his address at Moscow State University, socialist economies are more heavily bureaucratized and, therefore, less flexible and efficient than market economies. But that is not the most serious problem that lies ahead for such economies. For the inefficiencies of the past are dwarfed by the challenges to come, cause the more complex an economy comes, the more inefficient current methods will prove.

Why is this necessarily so? Because such systems—in substituting the bureaucrat for the workings of the market—place upon him an impossible task. In 1909, the Italian economist Vilfredo Pareto calculated that a society of only 100 persons, trading in only 700 items, would require the solution of 70,699 simultaneous equations to relate supply and demand in the manner a free market does on its own. What is the bureaucrat to do, when one factory alone may employ 100 times 100 workers and contain 7 times 700 kind of machinery, equipment, and work processes?

And so passed the Eastern “economic miracle.” State direction does permit effective mobilization in limited economic sectors, such as the military. But the burden of managing an entire economy was too great. Or the initial advantages in surplus labor and plentiful, inexpensive resources were depleted, these economies found that the traditional mechanisms of bureaucratic command and control no

er promoted efficiency. Indeed, proved themselves to be obstacles to efficiency.

Nor has this fact gone unnoticed where in the world. Throughout the Third World, countries that had earlier had what was thought of as the socialist model are not advancing but degenerating. They have learned through bitter experience that total state economic management on the old model does not work. Those in a position to use are beginning to reorient their economies toward the market. They recognize that the Third World's only success stories today are countries that have allowed freedom and openness in marketplace.

Nothing any Western government official has to say speaks as loudly to nations of the Third World as the example of economies such as South Korea, Taiwan, Singapore, and Hong Kong. Between them, these four economies—which contain only 2% of the population of the Third World—account for half of the manufactured exports of the Third World countries.

Of course, the comparative decline of the socialist economies has also received considerable attention here in the East. That attention has been received, in country after country, in the search for restructuring and greater economic success. We think the diagnosis is correct. The prescriptions for change—decentralized decisionmaking, increased economic autonomy, and increased material incentives—strike us as prudent and overdue.

Naturally, we in the West have also seen the varied reception this evidence has received within the Soviet Union and throughout the individual countries of Eastern Europe. Some have embraced the reforms; others argue that they do not go far enough; still others are wedded to the notion that heavily centralized economies can be made to work.

It may be that the East German *GDR* system functions as efficiently as any heavily bureaucratized economic system can. Compared to other socialist economies, it works well. Comparisons with the Federal Republic and other Western economies, however, are not nearly so favorable.

We believe that the competitiveness of the Soviet Union and the nations of Eastern Europe in the years ahead will depend increasingly upon their willingness to open up their economies and to institute genuine market reforms.

"What about the problems of the Western economies?" you ask. "Do you not have plenty of problems of your own?" We do, indeed. Yet I would suggest that the economic problems of the advanced economies of the West are facing differ in kind from those of the socialist countries are dealing with.

We are bidding farewell to the industrial age. In the new age of high technology that is dawning in the West, the pace of economic change is increasing dramatically. Products that used to have life cycles of a decade or more are now replaced by improved technologies in 2 or 3 years. Indeed, the life expectancy of the most sophisticated technology is even shorter.

As President Reagan noted in his Moscow State University address, this technological revolution—perhaps the most dramatic in history—places a high premium on flexibility and individual initiative. Its watchwords are speed of communication and economic interdependence.

As for individual initiative, many of the most important technological innovations in the West have resulted from intense competition among relatively small enterprises, many of them led by their founders. And the technological revolution is also increasingly international: 88% of U.S. manufacturers use foreign components in their products. The technological revolution points to a global market-based economy in which prosperity will require openness within and among nations.

The socialist economies are entering the 21st century with antiquated equipment and outdated concepts. The same bureaucratic rigidities responsible for their relative decline over the past 20 years raise the prospect of even greater difficulties in the years ahead. After all, if an economic system cannot effectively compete in an environment in which sophisticated technology turns over at the rate of once a decade, how can it hope to compete in an environment in which the rate of turnover is 3 or 5 or even 10 times faster? Without greater openness in economic management, Eastern nations—however great their absolute advances—face the prospect of accelerating relative decline. I suspect such a situation would have uncertain consequences for East-West security—consequences that would most likely be in the interest of neither side.

That is why we in the West are heartened by the economic reforms under discussion in a number of Eastern countries. We encourage stronger and

bolder steps. We want the drive for greater economic openness in the East to succeed.

Why? Because we are willing to bet that greater economic openness and further integration of Eastern economies into the world market system will help to reduce tensions and advance the prospect of a more secure and more prosperous world for us all.

Human Rights

Another valuable insight is beginning to emerge in several Eastern countries. There are now those who suggest that, though economic openness can improve the competitive position of Eastern countries temporarily, only by means of a relaxation of political controls can competitiveness be sustained in the longer term.

Certainly, the examples of other nations suggest such a conclusion. In the Third World, prosperity has been most striking in countries which have not only adopted market policies but also have accommodated their people's desire for increased individual freedom and political expression. And, as you know, the historical development of political democracy in the West followed a similar course. We are encouraged that the drive for greater openness in the Soviet Union and in Eastern Europe has a political as well as an economic dimension.

The progress on political questions has been undeniable. In some countries, a considerable number of political prisoners have been released, and fewer people are being imprisoned for political offenses. The practice of sentencing political offenders to psychiatric hospitals is increasingly discredited.

The bounds of permissible speech, in writing and in film, have been expanded. The news media are now permitted to report on subjects previously regarded as too sensitive or too embarrassing. More and more people are being allowed to travel abroad. Contacts and exchanges with Western countries have increased, as have the number of persons permitted to emigrate. Such steps make life in the East richer and more hopeful; they mobilize public support for the difficult process of economic reform and adjustment.

We in the West have followed these developments with interest, because we consider them directly relevant to our own security. We believe that there is a close relationship between the way governments treat their people at home and the way they behave abroad.

Governments that mistreat their own citizens, or deny them basic human rights, seem more ready than others to treat their neighbors badly. Conversely, it seems to us, the greater the degree of political freedom and openness within a country, the less likely that country will become a danger to outsiders.

Although we are encouraged by the greater openness now apparent in the Soviet Union and in the nations of Eastern Europe, our enthusiasm is tempered by awareness that much remains to be done in order to meet the standards agreed to at Helsinki. Furthermore, we note that in the East basic human rights—to speak and write, to travel and emigrate—are still treated as gifts of state power. And what the state can give, the state can take away. Until a fundamental change in perspective is realized, therefore, neither neighbors nor citizens can be confident that these improvements represent an irreversible feature of the future political landscape.

It was in a spirit of openness, and in the hope of expanding dialogue on this most important of topics, that President Reagan placed such stress on human rights at the Moscow summit. While expressing satisfaction at the changes that have taken place in the Soviet Union, the President stressed to General Secretary Gorbachev the need to institutionalize change. As has been his practice at these meetings, the President called for more changes, for more openness, and for greater dialogue. And in truth, our dialogue on human rights is expanding. In Moscow, as always, President Reagan found the General Secretary to be a willing interlocutor on this subject. And one need only compare the joint statement agreed at Geneva to the one issued at Moscow to see how far our dialogue has come.

Recognizing the Benefits of Openness

We also believe and appreciate that the East—despite the lack of fundamental change—has, nonetheless, begun to feel

the attraction and note the utility of openness. There is recognition of a need for change. These are positive developments. They are cause for optimism. We would like to see them become permanent, irreversible elements of a larger process of change across a broad spectrum.

In the meantime, we in the West will do what we can to encourage the process of reform in the East. We will respond positively—in word and in deed—to progress as it occurs. And because we are proud of the openness that characterizes life in our own coun-

tries, and of a way of life that guard our liberties while providing us with many material blessings, we will also as I have done today—always state views forthrightly.

In the final analysis, however, the role of the West is limited. Ultimate it is the Soviet Union and each of the nations of Eastern Europe who must recognize for themselves the benefit of openness. They must come to understand from their own experience—we in the West have learned from ours—that it is in greater openness that true security lies. ■

Acting Secretary Whitehead's Interview on "This Week With David Brinkley"

Acting Secretary John C. Whitehead was interviewed on ABC-TV's "This Week With David Brinkley" on July 24, 1988, by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst.¹

Q. Now you have heard the discussion just finished between the Iranian and the Iraqi. Does that sound like two countries ready to arrive at a peaceful settlement?

A. I think it's not surprising after 8 years of such a dreadfully bitter war that sweetness and light do not immediately descend on the parties overnight. And we saw certainly a residue of that bitterness in the program this morning. I think the important thing is that both of these countries now, finally, after 8 years, after 1 year of trying to get Iran to support the [UN Security Council] resolution, both countries have agreed to support it. And we have described that as a major breakthrough, and I think it is that.

Q. Let me give you a chance to do a little bragging if you're in the mood. That is, why now? Why have they moved to the settlement? Why has Iran done this? And does the U.S. presence in the gulf have something to do with this?

A. Yes, I'm always prepared for bragging, and this is a time—if not bragging, at least it's a time for, I think, all of us to be proud that our policy has been a success.

Iran's decision is not solely attributable to U.S. policy. But our firmness of our military presence in gulf, our indication that we plan to there as long as it was necessary, and at the same time our diplomatic thrust principally at the United Nations, finally achieved success. But Iran, of course, was finding it very difficult to continue the war. They were suffering military defeats in the last several months, one after another.

Q. Why? They have more people and this has been a ground war. They should have had the advantage. Why are they losing?

A. The popular support seems to have eroded. They seem to have found it very difficult to recruit more young men into their army.

Q. Does popular support really mean much in a country like that?

A. Yes, I think so. Ultimately it seems to have paid a toll. If they lose popular support through very adverse economic conditions in the country—through the huge number of deaths that were taking place in the battlefields, eventually, popular support is essential, even in the most dictatorial countries.

Q. But also, isn't it a fact, we're siding with Iraq—the United States?

A. We have tried not to side with either side in this war. We have tried to find moderation, but in the last year or so Iran was the principal holdout in agreeing to [Resolution] 598, we have done our best to bring pressure on Iran to accede, and now they finally have.

Q. Let's look ahead. What about the hostages and the other Western hostages in Lebanon? There is a lot of talk that if this can be settled, they will be released. Is it talk, or do you have some information?

A. No, it's talk. I have no information. The release of the hostages is, of course, an extremely high priority, and I would only say that if this acceptance of Resolution 598 by Iran indicates that they are prepared to come back into the world of civilized nations, then we may be beginning a process in which we begin a dialogue with Iran about other subjects of grave concern to us, of which the hostages and terrorism are at the very top of our agenda.

Q. Do you foresee a restoration of diplomatic relations with Iran while Ayatollah lives? Is that possible?

A. We never can tell how long the Ayatollah will live. He seems to be young.

Q. What's your latest intelligence that?

A. Our latest intelligence is that he is quite ill, but he has been quite ill off and on for a number of years. But the restoration of relations with Iran is certainly not imminent; there are a number of steps in that process. We have had some indirect contact with them. We have sent a message to them expressing their acceptance of Resolution 598, indicating to them that we welcome that step of theirs, indicating our willingness to cooperate in the implementation of their decision. They know that we are prepared for more contacts and we can be sure that we are dealing with responsible spokesmen of their government who can speak for them.

Q. Have you had a reply to that message you just described?

A. We have not had a reply to that particular message, but the Iranians know how we feel about what's going on. It's affect—

Q. You'd have to build a new embassy there, wouldn't you?

A. Yes, we would.

Q. Because the old one was destroyed.

A. Yes, we would. But I would stress that we're only at the very beginning of these stages. It is some way away toward anything like the restoration of normal relationships with Iran.

Q. Is this a good thing for Israel, if there's a cease-fire? Iraq, one of Israel's most implacable foes, emerges with a strong army, with a military force that it's never had before, with a man at its helm that clearly still is one of the most anti-Israeli leaders in the area.

A. Israel has indicated some concern about what might happen if this war is settled and is fearful that Iraq's military power might now be freed up to aim in a different direction. We can only hope that their fears are misplaced.

Certainly, no one can hope for continuation of this war. And we all need to be happy that there has been this major breakthrough that seems very likely now to lead toward a full settlement.

Q. If we could change the subject and move just a little bit east to Afghanistan. There are a welter of confusing reports about whether the Soviet Union is continuing its troop withdrawals, whether it sent 10,000 troops back in to defend Kabul, whether it is complaining that Pakistan is breaking the accords by supplying aid to the rebels. Can you tell us what the status is, and are we anxious about Soviet compliance with the Afghan accords?

A. Yes, I'd be glad to. The reports are, indeed, confusing and of concern. But the most recent report was a report from Marshal Akhromeyev, who is the head of the Soviet Armed Forces—the equivalent of our Chairman of the Joint Chiefs of Staff—and he has said that these reports are inaccurate, that there is no plan for the Soviets to reinsert troops into Afghanistan. And we have subsequently received assurance from the Soviet Government that this statement represents the authoritative view of the government.

This is a reassuring statement. And the key date that's coming up is August 15th. That's the only date that we should really focus on. The Soviets have agreed in the accords reached at Geneva that they will withdraw 50% of their troops by August 15th; the balance by February 15th.

Q. What you're saying essentially is that the Government of Pakistan is just wrong in what it's been saying?

A. It would appear that the Soviets have denied, at least, these reports.

Q. But there is precedent for the Soviets denying doing things that they are, in fact, doing.

A. Yes, that's true. We must be very cautious. But I would aim our concern at August 15th. That is the date to which they have agreed, and they have assured us that they continue to stick to that agreement.

Q. What happens to the U.S. force in the Persian Gulf? If there is a cease-fire which moves on toward peace negotiations, are we able to withdraw many of the ships that we have had there for the past year and a half?

A. It's premature to speak of withdrawal yet. But if there is a cease-fire, if conditions return to normal, if it appears that the tensions are eliminated, it certainly will be possible to consider the reduction of those forces and to bring them down to a normal level.

¹Press release 159 of July 25, 1988. ■

Iranian Airbus Tragedy

PRESIDENT'S STATEMENT, JULY 3, 1988¹

I am saddened to report that it appears that in a proper defensive action by the U.S.S. *Vincennes* this morning in the Persian Gulf, an Iranian airliner was shot down over the Strait of Hormuz. This is a terrible human tragedy. Our sympathy and condolences go out to the passengers, crew, and their families. The Defense Department will conduct a full investigation.

We deeply regret any loss of life. The course of the Iranian civilian airliner was such that it was headed directly for the U.S.S. *Vincennes*, which was at the time engaged with five Iranian Boghammar boats that had attacked our forces. When the aircraft failed to heed repeated warnings, the *Vincennes* followed standing orders and widely publicized procedures, firing to protect itself against possible attack.

The only U.S. interest in the Persian Gulf is peace, and this tragedy reinforces the need to achieve that goal with all possible speed.

LETTER TO THE CONGRESS, JULY 4, 1988²

On July 3, 1988, the USS *VINCENNES* and USS *ELMER MONTGOMERY* were operating in international waters of the Persian Gulf near the Strait of Hormuz. (On July 2, the *MONTGOMERY* had responded to a distress signal from a Danish tanker that was under attack by Iranian small boats and had fired a warning shot, which caused the breaking off of the attack.) Having indications that approximately a dozen Iranian small boats were congregating to attack merchant shipping, the *VINCENNES* sent a Mark III LAMPS Helicopter on investigative patrol in international airspace to assess the situation. At about 1010 local Gulf time (2:10 a.m. EDT), when the helicopter had approached to within only four nautical miles, it was fired on by Iranian small boats (the *VINCENNES* was ten nautical miles from the scene at this time). The LAMPS helicopter was not damaged and returned immediately to the *VINCENNES*.

As the *VINCENNES* and *MONTGOMERY* were approaching the group of Iranian small boats at approximately 1042 local time, at least four of the small boats turned toward and began closing in on the American warships. At this time, both American ships opened fire on the small craft, sinking two and damaging a third. Regrettably, in the course of the U.S. response to the Iranian attack, an Iranian civilian airliner was shot down by the *VINCENNES*, which was firing in self-defense at what it believed to be a hostile Iranian military aircraft. We deeply regret the tragic loss of life that occurred. The Defense Department will conduct a full investigation.

The actions of U.S. forces in response to being attacked by Iranian small boats were taken in accordance with our inherent right of self-defense, as recognized in Article 51 of the United Nations Charter, and pursuant to my constitutional authority with respect to the conduct of foreign relations and as Commander in Chief. There has been no further hostile action by Iranian forces, and, although U.S. forces will remain prepared to take additional defensive action to protect our units and military personnel, we regard this incident as closed. U.S. forces suffered no casualties or damage.

Since March 1987, I and members of my Administration have provided to Congress letters, reports, briefings, and testimony in connection with developments in the Persian Gulf and the activities of U.S. Armed Forces in the region. In accordance with my desire that Congress continue to be fully informed in this matter, I am providing this report consistent with the War Powers Resolution. I look forward to cooperating with Congress in pursuit of our mutual, overriding aim of peace and stability in the Persian Gulf region.

Sincerely,

RONALD REAGAN

U.S. LETTER TO THE UN SECURITY COUNCIL, JULY 6, 1988³

In accordance with Article 51 of the Charter of the United Nations, I wish on behalf of my government to report that U.S. forces have exercised their inherent right of self-defense under international law by taking defensive action in response to an attack by the Islamic Republic of Iran against U.S. forces lawfully operating in international waters of the Persian Gulf.

On July 3, 1988, the USS *VINCENNES*, which was operating in international waters in the Persian Gulf, sent a helicopter on an investigative patrol in international airspace in response to indications that approximately a dozen Iranian small boats were congregating to attack neutral merchant shipping.

At approximately 2:10 a.m. (Eastern Daylight Time) on July 3, 1988, a group of Iranian patrol craft fired on the U.S. helicopter. The helicopter, without returning fire, returned immediately to the *VINCENNES*, which was 10 nautical miles from the scene at the time of the incident.

At approximately 2:42 a.m. (Eastern Daylight Time), as the *VINCENNES* approached another U.S. naval vessel were approaching the group of Iranian small boats, at least four of the small boats turned toward and began closing in on the U.S. warship. At that time, both U.S. ships opened fire on the small boats, sinking two and damaging a third.

In the course of the U.S. response to the Iranian attack, the *VINCENNES* fired in self-defense at what it believed to be hostile Iranian military aircraft, after sending repeated warnings (to which the aircraft did not respond). Regrettably, the Iranian civilian airliner was shot down by the *VINCENNES*. As President Reagan said, "this is a terrible human tragedy."

The United States deeply regrets the tragic loss of life that occurred and is conducting a full investigation. The United States will also cooperate in all appropriate respects with any International Civil Aviation Organization (ICAO) investigation this incident.

It remains the policy of my government not to seek a military confrontation with Iran or a widening of the conflict in the area.

The actions of the U.S. forces in response to being attacked by Iranian small boats were taken in accordance with our inherent right of self-defense, as recognized in Article 51 of the U.N. Charter.

The tragic loss of lives resulting from these actions underscores the dangers posed by the continuation of the Gulf War, the root cause of tension and violence in the area, and the urgency of bringing this senseless conflict to an early end.

The United States once again calls upon the international community, and particularly the members of the Security Council, to join us in redoubling our effort to end the war as soon as possible and restore peace and security to the region through the full and rapid implementation of Security Council Resolution 598.

HERBERT S. OK

WHITE HOUSE STATEMENT, JULY 11, 1988¹

The President has reviewed U.S. policy in the Persian Gulf where our military forces are protecting vital interests of the free world. He has expressed his complete satisfaction with the policy. I reiterated his belief that the actions of the U.S.S. *Vincennes* on July 3 in the case of the Iranian airliner were justifiable defensive actions. At the same time, he remains personally saddened at the tragic death of the innocent victims of this accident and has deeply expressed his deep regret to their families.

Prompted by the humanitarian traditions of our nation, the President has decided that the United States will offer compensation, on an *ex gratia* basis, to the families of the victims who died in the Iranian airliner incident. Details concerning amounts, timing, and other matters remain to be worked out.

It should be clearly understood that payment will go to the families, governments, and will be subject to normal U.S. legal requirements, including, if necessary, appropriate action in Congress. In the case of Iran, arrangements will be made through appropriate third parties. This offer of *ex gratia* compensation is consistent with international practice and is a humanitarian effort to ease the hardship of the families. It is offered on a voluntary basis, not on the basis of any legal liability or obligation.

The responsibility for this tragic incident, and for the deaths of hundreds of thousands of other innocent victims as a result of the Iran-Iraq war, lies with those who refuse to end the conflict. A particularly heavy burden of responsibility rests with the Government of Iran which has refused for almost a year to accept and implement Security Council Resolution 598, while it continues unprovoked attacks on innocent neutral shipping and crews in the international waters of the gulf. In fact, at the time of the Iran Air incident, U.S. forces were militarily engaged with Iranian forces as a result of the latter's provoked attacks upon neutral ships and a U.S. Navy helicopter. The urgent

necessity to end this conflict is reinforced by the dangers it poses to neighboring countries and the deplorable precedent of the increasingly frequent use of chemical weapons by both sides, causing still more casualties.

Only an end to the war, an objective we desire, can halt the immense suffering in the region and put an end to innocent loss of life. Our goal is peace in the gulf and on land. We urge Iran and Iraq to work with the Security Council for an urgent comprehensive settlement of the war pursuant to Resolution 598. Meanwhile U.S. forces will continue their mission in the area, keenly aware of the risks involved and ready to face them.

**ASSISTANT SECRETARY
WILLIAMSON,
ICAO COUNCIL,
MONTREAL,
JULY 13, 1988²**

I appreciate having this opportunity to make a statement on behalf of the Government of the United States of America regarding Iran Air #655 and the tragic incident on July 3, 1988.

Immediately after the incident, the President of the United States expressed our deep regret over the loss of life in this tragedy. President Reagan's spokesman also has announced that the United States is prepared to provide compensation to the families of the victims, of all nationalities, who died in this accident. These payments will be subject to normal U.S. legal requirements and consultations with the Congress. This compensation will be offered on an *ex gratia*, or voluntary, basis and not on the basis of any legal liability or obligation. We simply believe it is the right thing to do in these tragic circumstances.

As members of the council know, the United States initiated its own formal investigation immediately after the incident on July 3. This investigation will be thorough. There are many important outstanding questions. We intend to share with ICAO as much information as possible, consistent with the purposes of any ICAO investigation

and the need to safeguard information relating to sensitive military matters. It is essential that this organization institute measures to prevent similar incidents in the future. We want to take steps toward improvements that will benefit civil aviation in the Persian Gulf. We pledge our cooperation to the council and to the full ICAO membership.

In my statement today, I intend to address the following:

First, I will discuss the general background to the incident, including comment on the continuing conflict in the Persian Gulf;

Second, I will describe the specific situation confronting the captain of the U.S.S. *Vincennes* on July 3, 1988, as the facts are known to us at this time; and

Third, I will discuss possible steps that the International Civil Aviation Organization might consider in order to avoid future incidents such as the one we address today. My government wants to work with ICAO on measures that can be taken, as soon as possible, to increase the safety of international civil aviation in the Persian Gulf—a fundamental goal of this organization and certainly of the United States. We hope this extraordinary session of the council will initiate work to that end.

General Background on the Situation

Let me begin by reviewing the situation that existed in the Persian Gulf on July 3 when the incident involving Iran Air #655 occurred.

This tragedy occurred in the context of the continuing war between Iran and Iraq. Not only has this war caused incalculable damage to Iran and Iraq but many neutral nations and innocent people have suffered as well. The conflict has been a threat to the stability and territorial integrity of nations in the gulf whose security long has been of concern to the United States.

The accident cannot be considered in isolation. This war has gone on for almost 8 years, despite the UN Security Council's mandatory call, in Resolution 598, for an immediate cease-fire

and for the withdrawal of all forces to internationally recognized boundaries. If Iran had heeded the decision of the UN Security Council, the incident involving Iran Air #655 would not have occurred.

It has been suggested that the U.S. naval presence in the gulf is at fault in this incident. My government rejects that contention. We are in the gulf to preserve peace. Our naval presence in international waters has been augmented in order to contain the effect of the Iran-Iraq conflict, to assist the countries of the region, and to protect U.S.-flag shipping. As tensions in the gulf diminish, our presence—and, no doubt, the presence of other Western navies—will be reduced to more traditional levels.

In the meantime, it is clear that the safety of neutral shipping and air traffic is a major victim of the war. Innocent ships have been attacked, and innocent civil airliners have had to alter their courses in order to avoid inadvertent confrontations in an area of potential hostilities.

The incident on July 3, was in fact, an accident. But it was an accident that was directly related to the unresolved Iran-Iraq conflict. Indeed, in September 1987, a general warning—a Notice to Airmen, or NOTAM—was issued by the U.S. Government regarding flights within the Persian Gulf area, specifically emphasizing the critical importance and the method of aircraft identification. In November 1987, you, Mr. President [Assad Khatami], wrote to the authorities of states in the Persian Gulf to bring to their attention the "hazardous situation for aircraft operating in that area."

In addition, U.S. naval vessels have issued warnings to civil aircraft on numerous occasions to alter their courses in order to avoid inadvertent confrontations. My government appreciates that there are concerns and sensitivities relating to military warnings to civil aircraft. But these warnings have been issued only because of the concern of the United States about the safety of civil aviation. I must add that not all civil aircraft have heeded these warnings. In particular, it is our understanding that some Iranian aircraft have continued to fly into and over hostile zones, despite repeated warnings.

Specific Situation Confronting the *Vincennes*

This was the general atmosphere pertaining in the gulf at the time of this incident on July 3. But let us look more closely at the specific situation.

I invite each member of the council to consider the circumstances facing the captain of the U.S.S. *Vincennes*, based on the knowledge that we have now. The ship was, at the time of the incident, in international waters outside the zone of exclusion declared by Iran. U.S. forces were on heightened alert because of reports about the possibility of Iranian attack against U.S. ships on the U.S. Independence Day, the Fourth of July. On the afternoon preceding the incident, Iranian F-14s approached another U.S. cruiser and were warned away after closing to within a few miles of this ship.

Only a few hours later on July 2, a Danish ship was attacked by Iranian boats and requested assistance from U.S. forces. At about 7:20 a.m. on July 3, a Pakistani ship issued a distress call, again due to attacks by Iranian boats. Later, a Liberian ship also was threatened. At about 9:25 a.m. local time on July 3, the *Vincennes* had sent her helicopter on patrol to investigate reports that Iranian boats were closely following a vessel of the Federal Republic of Germany. That helicopter was fired upon, and it returned to the *Vincennes*.

A threatening trend was clearly developing. Iranian fighters had pressed to within only a few miles of a Navy cruiser, four neutral ships had either been attacked or threatened, and *Vincennes'* own helicopter had been shot at by Iranian gunboats.

As the *Vincennes* and another U.S. naval vessel then approached the group of Iranian boats that had fired upon the U.S. helicopter, at least four of the boats turned toward the U.S. ships with obvious hostile intentions. Both U.S. ships began to exchange fire with the gunboats, sinking two of the Iranian boats and damaging a third. This fighting between U.S. and Iranian vessels took place before, during, and after the incident involving Iran Air #655.

With the *Vincennes* already involved in this exchange of fire with attacking surface vessels, the radar on the *Vincennes* suddenly showed a plane in the vicinity of the joint military-civilian airfield at Bandar-e Abbas and heading directly for the *Vincennes*. Let me add that Iranian F-14 fighters are known to be based at Bandar-e Abbas, which was the site of departure for Iran Air #655. Despite repeated effort by the *Vincennes* to establish contact with the unidentified aircraft, the plane did not respond to the voice transmissions on international air distress and military air distress frequencies. An electronic IFF [identification of friend or foe] interrogation from the *Vincennes* indicated both a mode II and mode III IFF response. Mode II normally is associated with military aircraft, and this particular mode II response historically has been associated with F-14s flown by Iran in the gulf. It must be noted as well that military aircraft also are capable of responding with mode III.

I think council members will agree that it was reasonable in these circumstances for the captain of the *Vincennes* to believe that he might soon come under attack by an Iranian military aircraft sent to assist the Iranian boats that were involved in an exchange of fire with the *Vincennes*. The plane was not far away, given the speed capabilities of modern aircraft. Time was short. Indeed, the captain had only a few brief minutes from the time the aircraft was spotted until it could be expected to be directly over the *Vincennes*.

Nevertheless, the captain avoided immediate air defensive action even though the surface gun battle continued. At some risk to his ship, in the extremely limited time available, he sought to confirm the identity of the plane, which was observed to alter a normal climb and began descending while heading rapidly toward him. Repeatedly, he asked the plane to identify itself and turn away. Each time he was met with silence, only to have radar show the plane moving closer. Ultimately, as the risk of imminent danger reached an extreme point and while still under attack by Iranian gunboats, the captain felt compelled to take ac-

to protect his men and his vessel what then appeared to be an aircraft in support of the Iranian surface batants. From the time the captain considered the approaching aircraft to be hostile, he had only 240 seconds—4 minutes—to reconcile the changing trend the Iranians had exhibited over the past 24 hours. He waited the very last minute to defend his ship from an air attack.

Given the overall tension of the situation, the history of attacks on U.S. vessels, and the immediate situation confronting the captain of the *Reynolds*, it is not difficult to imagine this scenario developed. Nor is it reasonable to believe that there is a sole focus of responsibility.

Those in this council who deal with technology of aviation know that there have been great technological advances in this field. But we also know technology has its limitations. Radar today can perform services only rarely dreamed about a few short years ago. But often it cannot identify size, type, or mission of an aircraft. It cannot divine the intentions of a pilot who does not identify himself and does not identify his purpose as he flies silently into a scene of hostilities.

In the end, the captain of a ship must make a judgment on the basis of information available to him. It is his solemn responsibility to protect the ship under his command. That is what happened in the case of Iran Air #655. It is important to understand the entire text of events during that 24-hour period on July 2 and 3. Everyone has the deepest regret for the tragic loss of lives on board Iran Air #655. But a well-minded people must recognize the limited options put before a captain who had to make this critical decision in a very short period and while under continuing attack by surface vessels.

At the same time, I think we must recognize that Iranian civil aviation authorities must have known there was conflict in the waters of the gulf. If they did not, they should have known, and they should have taken steps to prevent the plane from flying into an area where fighting was in progress. Indeed, Iranian vessels were attacking U.S. naval vessels at the very moment that Iran Air #655 took off from

Bandar-e Abbas. The plane headed straight for the scene of the conflict and failed to heed, or even answer, the repeated warnings and requests for identification. Some degree of responsibility must be taken by Iran for putting its aircraft in this vulnerable position. The innocent victims on Iran Air #655 are just the latest among the hundreds of thousands of casualties in a needless war which should have ended long ago.

Looking Ahead

Nevertheless, the important question is where we go from here. We can and must agree to take all appropriate measures to ensure that such tragedies do not recur.

First of all, we believe it would be useful for the council to ask the ICAO Secretary General to conduct a fact-finding investigation on the incident of July 3, with the objective of identifying possible measures for the improvement of civil aviation in the gulf, and to report back to this council. The United States is prepared to cooperate in all appropriate respects with an ICAO investigation and is convinced that, as a result of the review by this council, the difficulty of the complex situation in the Persian Gulf will be understood better and appropriate procedures to promote civil aviation safety in that region can be implemented. Only a thorough investigation can help resolve the many questions and anomalies surrounding the incident on July 3.

My government trusts that all the concerned governments will give this investigation their full support. In particular, we urge the Government of Iran to cooperate fully by providing ICAO with the flight data and cockpit voice recorders and any other specific information which can help determine the actual facts of the situation and resolve any anomalies.

Let me affirm my own government's intention to cooperate with the investigation. We are working to complete our own investigation as quickly as possible and will make information available, consistent with safeguarding the rights of individuals and military security matters.

Second, my government believes that this council and this organization must consider soon whether new steps

can be taken which would help the situation relating to international civil aviation safety in the Persian Gulf area. It is apparent that further improvements are needed in international operating practices and that other steps can be taken within the international civil aviation community which clarify existing rules or procedures and enhance their effectiveness in avoiding tragic accidents. My government stands ready to assist in this process. We need not await the result of any investigation to begin consideration of possible steps to make civil aviation more safe and more secure in the Persian Gulf area.

To be more specific, let me list some examples of areas that may have some immediate practical application regarding civil aviation in the Persian Gulf area.

- Civil air routes in the gulf might be restructured, where possible, to minimize contact with areas of military activity.
- Alternate routes might be opened.
- New minimum altitudes might be set for civil aircraft operating over water.
- Transponder equipment used by civil aircraft might be controlled more carefully to ensure that the identity of an airliner is unambiguous to all military and civil air traffic service facilities.
- Radio communications might be improved to ensure that warnings to airline pilots are communicated, received, and given a prompt response.

These are just some examples of steps that might be followed. Other ideas will undoubtedly emerge as we discuss these topics, both now and after an investigation. Let us keep our minds open and focused on taking truly constructive steps that can serve to prevent similar actions in the future. When the council considers the report from the Secretary General about Iran Air #655, it may wish to initiate a review of ICAO documents to determine the status of their current implementation and the need for possible improvements.

Finally, let me make clear that the risk of future tragedies such as the downing of Iran Air #655 on July 3 will remain so long as the senseless and tragic war in the Persian Gulf con-

tinues. All of us must cooperate in the United Nations so that this conflict can be brought to an end. The Government of Iran is the only party to the conflict which has refused to express a willingness to comply with the UN Security Council's mandatory decision in Resolution 598. In particular, Iran must be urged by all responsible parties to summon the political will to end a conflict which has claimed so many innocent victims.

Conclusion

In closing, the U.S. Government remains committed to the safety of international civil aviation. In particular, we reaffirm our support for the International Civil Aviation Organization and its fundamental objectives of promoting the safety of international civil aviation and ensuring its orderly growth throughout the world. Our cooperation in this investigation will be further evidence of our support for this body.

My government has been in the forefront of leading aviation nations in proposing measures to ensure safety and security in civil aviation, and that commitment will continue. Members of this council know that the United States calls for and expects a great deal on the part of other nations regarding safety precautions for international civil aviation. We will do no less than we request of others.

This council has a long history of careful deliberation and of fairness and wisdom in its judgments. My government trusts that its members, as in past incidents, will reach its conclusions only after all of the facts have been received. We look forward to joining with the other members of this council in a search for solutions to avoid tragic incidents such as the one involving Iran Air #655. In doing so, we can, together, reaffirm the role of ICAO in making air travel safe for all our citizens.

**VICE PRESIDENT BUSH,
UN SECURITY COUNCIL,
JULY 14, 1988***

I have come here today to represent the United States, at the request of President Reagan, because of the importance of the issues at stake—not just the terrible human tragedy of Iran Air #655 but the continuing conflict between Iran and Iraq and its implications for international commerce in the Persian Gulf.

Having been my country's permanent representative to this body, I know what a grave responsibility the council bears and the good it can do when it acts with realism and wisdom. We are in urgent need of realism and wisdom now.

The Persian Gulf is a region of vital importance to the United States and the economy of the world. American and European forces are in the gulf, with the support of the states of the area, to meet a vital need—to help ensure the unimpeded flow of oil and to keep neutral commerce moving in the face of a very real threat to innocent shipping. This is our legal right.

Iranian mines, deliberately sown, have disrupted innocent passage and damaged unarmed merchant vessels and a U.S. naval ship in international waters. Iranian small boat attacks on nonbelligerent merchant ships continue unabated. These actions are in blatant violation of international law. They give the lie to Iran's assertions that it supports freedom of navigation in the gulf.

We have increased the size of our forces from traditional levels to protect U.S.-flag shipping and to assist other neutral vessels under unlawful attack when they request assistance. Five European navies in addition to our own—a total of some 43 ships—are now in the gulf to counter Iran's reckless behavior toward neutral ships engaged in lawful commerce. I am proud of our leadership in meeting this challenge. Together, we have made it clear that we will keep the Persian Gulf open, no matter what the threat. I am here to reaffirm, to those who depend on us and to those who would threaten us, that we will not alter this course.

The critical issue confronting this body is not the how and why of Iran Air #655. It is the continuing refusal of the Government of the Islamic Republic of Iran to comply with Resolution 598, to negotiate an end to the war with Iraq, and to cease its acts of aggression against neutral shipping in the Persian Gulf. The victims of Iran Air #655 are only the most recent casualties of a brutal and senseless war that has brought immense pain and suffering to the people of both sides.

Iran long ago could have accepted, and can still accept, an honorable end to the war. As a first step, it should declare its readiness unequivocally to comply with Resolution 598—today, for the first time, before this body. It can act now to end the unspeakable sacrifices the people of both Iran and Iraq are being asked to make. What possible objective could be worth the human suffering and pain, the hundreds of thousands of casualties, and the eco-

nomic devastation the war has caused on both sides?

A particularly horrifying aspect of the Iran-Iraq war is the increasingly routine use of chemical weapons. We can forget the pictures of entire families lying dead in the streets of their villages, innocent of anything, yet killed in this savage way?

The United States was the first to publicly condemn the use of chemical weapons in the war as a blatant violation of the Geneva protocol. We fully support Security Council Resolution 612, which demands an immediate end to chemical warfare by both parties. No country should think it can use chemical weapons with impunity.

We here in the council have a special responsibility to help bring this to an end. Almost a year ago today, July 20, 1987, this council responded to the hopes of the world with the unanimous adoption of Resolution 598. The United States played a leading role in the adoption of that resolution. Its provisions are familiar. It provides a comprehensive framework for an immediate end to the war.

Resolution 598 had a unique, mandatory character. In adopting Resolution 598, the members of the Security Council knew exactly what they were doing in ordering an immediate end to the conflict without the agreement of either party.

Almost a year has passed, and the bloodshed continues unchecked. The time has come for action to bring this war to an end. I call today on both sides to accept an immediate and comprehensive permanent cease-fire—on land and sea and in the air. Let that be the first step in the full implementation of Resolution 598, leading directly to prompt withdrawal to international borders, return of all prisoners of war, establishment of an impartial body to look into responsibility for the conflict. Let that stop the bloodshed. Let that pave the way for an enduring peace.

I met this morning with the Secretary General to commend his tireless efforts to end the war and to promise our strong support for his mediation efforts. I urge the members of the Security Council—and particularly its permanent members—to do likewise and to make clear that they will not support efforts to delay the immediate implementation of Resolution 598 in its provisions.

We must not lose sight of one basic fact: Iraq has declared its readiness to comply with Resolution 598 as a basis for a settlement, and Iran has not. Instead of expressing willingness to comply with the resolution and negotiate its implementation in good faith, Ira-

s played for time and maneuvered for diplomatic advantage—and the Iranian people have paid a heavy price.

We respect Iran's right to air its grievances. But Iran cannot have it both ways. Iran cannot simultaneously complain to this body and defy it.

The Government of the Islamic Republic of Iran has refused to say plainly and clearly that it will comply with the mandatory decision of the Security Council. Iran must not be permitted to pose those provisions of Resolution 598 it likes and ignore the others. Nor can Iran be permitted to rest on verbal reference to Resolution 598, while withholding cooperation with the Secretary General in finding practical ways to implement the resolution.

As for the immediate matter at hand—the unfortunate destruction of Iran Air #655—many of the circumstances remain unclear. Our own military investigation is underway. We will cooperate with any investigation that is conducted by the International Civil Aviation Organization (ICAO), and we trust that the Government of Iran will do the same. We want all the relevant facts to be brought to light as quickly as possible.

But one thing is clear: The U.S.S. *Vincennes* acted in self-defense. This tragic accident occurred against a backdrop of repeated, unjustified, unprovoked, and unlawful Iranian attacks against U.S. merchant shipping and naval forces, beginning with the mine attack on the U.S.S. *Bridgeton* in July 1977. It occurred in the midst of a naval attack initiated by Iranian vessels against a neutral vessel and, subsequently, against the *Vincennes* when it came to the aid of the innocent ship in distress.

Despite these hostilities, Iranian authorities failed to divert Iran Air #655 from the area. They allowed a civilian aircraft loaded with passengers to proceed on a path over a warship engaged in battle. That was irresponsible and a tragic error.

The information available to Capt. Will Rogers, the captain of the *Vincennes*, indicated that an Iranian military aircraft was approaching his ship with hostile intentions. After even unanswered warnings, he did not let him had to do to protect his ship and the lives of his crew. As a military commander, his first duty and responsibility is to protect his men and his ship.

The United States has never fully acted to endanger innocent civilians, nor will it ever. But I can also assure you that the United States will never put its military in a dangerous situation and deny them the right to defend themselves.

We are all accustomed by now to hearing irresponsible charges from the Iranian Government. There have been many particularly egregious statements concerning this tragic incident.

I will not dignify with a response the charge that we deliberately destroyed Iran Air #655. The Foreign Minister of Iran knows better. He knows that this tragedy was an accident. He also knows that by allowing a civilian airliner to fly into the area of an engagement between Iranian warships and U.S. forces in the gulf, Iran must bear a substantial measure of responsibility for what has happened.

I call on Iran today to reroute civilian air traffic away from areas of active hostilities. Yesterday, the U.S. representative to the International Civil Aviation Organization advocated an investigation by the ICAO into the Iran Air incident and immediate consideration of appropriate measures to ensure the safety of civil aviation in the gulf.

The terrible disaster of Iran Air #655 fills our hearts with sorrow. Our reaction to this tragedy transcends political differences and boundaries. As Americans, we share the grief of the families of the victims, whatever their nationalities.

It is that strongly felt sense of common humanity that has led our government to decide that the United States will provide voluntary, *ex gratia* compensation to the families of those who died in the crash of Iran Air #655. We make this offer as a humanitarian gesture—not as a matter of legal obligation but out of a sense of moral compassion, reflecting the value we place on human life. We hope that compensation will help ease the pain of those who have suffered a loss, even as we recognize that nothing we can do or say can ever bring back their loved ones.

In the case of Iranian victims, we will take appropriate measures to ensure that the money flows directly to the families and not to the government; we will provide none of these funds to the Government of the Islamic Republic of Iran. Indeed, we will provide no compensation until mechanisms are in place to ensure that the money goes only to the families of the victims.

The time has come—indeed, the time is long past—for us to rededicate ourselves to the cause of peace. The Iran Air tragedy should reinforce our determination to act. It should remind those who would prefer to ignore the terrible human cost of the Iran-Iraq war and the threat it poses to the security of the Persian Gulf—those who find reasons to delay rather than reasons to act for peace—that their complacency carries a heavy price.

The United States has one overarching goal in the Persian Gulf. That goal is peace. Peace means cessation of the killing. Peace means a definitive end to the war. Peace means total freedom of passage through the straits—total freedom of ships to sail without risk in international waters. Peace also means nations living without the fear of threats or intimidation from their neighbors.

To this end, we will continue to defend our interests and support our friends while remaining steadfastly neutral in the war. As long as this conflict continues, we and other Western nations will work to contain the threat to freedom of navigation and peaceful commerce in a waterway that is vital to the economies of the world. Our naval presence is welcomed by peaceful nations and is a threat to no one. But we will respond firmly if we are threatened.

The implementation of Resolution 598 would enable the United States to return to the modest naval presence in the gulf we have maintained for more than 40 years, with the support of the gulf states. We look forward to that day.

But make no mistake: until that day, we will do whatever it takes to maintain freedom of navigation in this vital area of the world and to take whatever actions we must to protect our forces there. We will not let down our friends and allies. We will not be intimidated by reckless attacks or terror. Our commitment to freedom and peace demands this, and nothing less, from the United States of America.

¹Text from Weekly Compilation of Presidential Documents of July 11, 1988.

²Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and John C. Stennis, President *pro tempore* of the Senate (text from Weekly Compilation of Presidential Documents of July 11).

³Letter addressed to Security Council President Paulo Nogueira-Batista and signed by Ambassador Okun, Acting U.S. Permanent Representative to the United Nations.

⁴Text from Weekly Compilation of Presidential Documents of July 18; also issued as USUN press release 66.

⁵Richard S. Williamson is Assistant Secretary for International Organization Affairs.

⁶USUN press release 69 (rev. 1) of July 14. ■

Middle East Peace: Facing Realities and Challenges

by Richard W. Murphy

Address before the Council on Foreign Relations in New York City on June 14, 1988. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.

Major transformations are underway in global political and economic relations. And significant improvements are taking place in relations between the United States and the Soviet Union. Against the backdrop of potentially far-reaching changes in Soviet thinking—indeed, contributing significantly to those changes—new patterns of political dialogue are taking shape, most significantly represented by the progress achieved at the Moscow summit in stabilizing and intensifying superpower relations.

In the Middle East, however, old attitudes prevail and traditional illusions persist. Outdated concepts produce outdated actions and result in policies which fail to meet the needs of today.

During his recent visit to the region, Secretary Shultz addressed the dichotomy between the dictates of reality and the illusions to which Arabs and Israelis cling. The Secretary argued that emerging realities—in superpower relations and, more particularly, in regional trends—require a serious rethinking by all parties.

What are some of these emerging realities in the Middle East?

Demographic Trends

The migration of people throughout the Middle East, the ebb and flow of their movement and life cycles, have shaped the fabric of the region for centuries. Today these demographic trends pose enormous challenges for the modern nation state—straining the state's capacity to provide for its citizens and impeding social and economic development. Moreover, demographic changes, particularly when they overlap with sectarian and political conflict, can exacerbate or even cause confrontation.

- With a population growth rate of 2.5% a year, Egypt has 1.3 million new mouths to feed each year. By the turn of the century, Egypt's population will exceed 70 million people; by 2010, its population will reach 100 million. Cairo,

a city designed originally for some 1.5 million people, now has a population of some 12–15 million people. Indeed, the consequences of Egypt's population boom is systemic and has placed a strain on housing, employment opportunities, social services, and economic expectations.

- In Lebanon, shifting population balances have contributed to the breakdown of the confessional political system and created severe local and economic dislocation. The Shia community, now estimated at roughly 40% of the Lebanese population, remains the largest and most disadvantaged of all Lebanese communal groups. This imbalance in relation to other religious groups has made large elements of the Shia community vulnerable to manipulation by Shiite Iran, which seeks to impose an Islamic republic on all Lebanese.

- In the West Bank/Gaza, changing demographic trends have created new realities. Israel's continued occupation of these territories means controlling 1.5 million Palestinian Arabs against their will—a fact which the *intifada* [uprising] confirms—and poses much more difficult challenges for Israel than in the past. And since the Arab population in territories controlled by Israel will outnumber the Jewish population within a generation, the challenges can only sharpen. Indeed, the occupation is a dead-end street that will guarantee continued violence, compromise Israel's democracy and moral values, and frustrate any durable accommodation between Israel and its Arab neighbors.

Economic Issues

On the economic front, lower oil prices and sluggish growth have affected all countries in the Middle East. Major oil producers have cut their domestic development plans and their foreign assistance. Opportunities for exporting goods and labor to these countries have diminished, resulting in a foreign exchange squeeze in Lebanon, Egypt, Jordan, Syria, and the West Bank. Skilled and unskilled Arab workers in the oil-producing countries have been forced to return to their own countries, and remittances have dwindled, along with trade. Government-to-government grants and loans from richer to poorer Arab states have also fallen off sharply.

Israel has come through a wrenching period of economic readjustment, but there are signs of trouble. The hyperinflation of a few years ago, which dropped to a more manageable 16%, is now moving back up. And profoundly affecting both Israel and the occupied territories are population pressures on labor markets. In the West Bank and Gaza, population growth rates are 2.5%–3% per year. This exceeds the capacity to absorb manpower. The result has been substantial emigration. Income from outside the West Bank accounts for one-third of that area's GN [gross national product].

The Palestinian uprising on the West Bank has paradoxically highlighted the economic integration of Israel and the West Bank. Unpublished estimates suggest that the *intifada* will reduce the GDP [gross domestic product] of the West Bank and Gaza 12% this year. The economic effects on Israel are equally profound. Israeli exports to the West Bank may have dropped by 35%–50%. Absenteeism by Arab workers has cut the Israeli labor force by 1%–2%. The cost to Israel could be as much as 2% of GNP growth plus a hefty boost to inflation.

In the meantime, defense expenditures account for 19% of GNP in Israel and Jordan, 11% in Egypt. This compares with an average of under 5% for other countries in the world. The continued diversion of extraordinary material and human resources to military purposes in the Middle East will severely retard the efforts of these countries to keep pace economically and with technological and scientific change in the next century.

Economic insecurity and austerity reduce public confidence in the future and create a climate for political and religious demagoguery. This can, at it worst, lead to the sort of upheaval which has splintered Lebanon. And even if the situation is not immediate explosive, it breeds an atmosphere of caution, making it difficult for political leaders to take the bold decisions required for peace.

The Changing Arab-Israeli Battlefield

Increasing sophistication of military technology has revolutionized modern warfare and created scenarios of de-

action that have dramatically raised costs of conventional conflict.

- In the Iran-Iraq war, we have witnessed use of chemical weapons and short-range ballistic missiles (SRBMs) that have brought the war to urban areas and underscored the limitations of the concept of secure borders.
- Syrian acquisition of the SS-21 and other short-range ballistic missiles, combined with Israel's own SRBM program, has set off a potentially dangerous cycle of conflict, with higher stakes to both military and civilian targets.
- Acquisition of chemical weapons introduced a new element in battlefield planning and heightened danger of preemption and large-scale civilian casualties.
- Saudi acquisition of the CSS-2, and its success in increasing the range of the SCUD to over 300 miles, and top priority programs in other Middle East countries to develop or acquire longer range missiles have aggravated dangers and heightened the risks posed by widespread missile proliferation throughout the region.

Extremism

- The Middle East is a region of passion, beliefs and powerful ideas. All too often these ideas—both secular and religious alike—are converted into ideologies of an extreme nature.
- Islamic fundamentalism of a revolutionary and sometimes violent nature has roots throughout the region. In Saudi Arabia, Egypt, Lebanon, and Syria, we have witnessed the emergence of all extremist groups which have challenged the state and spread their militant message through terrorism.
- Terrorist organizations espousing radical ideologies or, in the case of the PLO, a nihilist philosophy contrive to attack moderate forces everywhere in an effort to prevent accommodation and resolution of conflicts.
- In Israel, Jewish extremists proclaim that there can be no compromise with the Arabs and no accommodation based on any territorial compromise. They even urge the transfer or expulsion of Palestinian Arabs.

Winner-Take-All Thinking

Too often, parties to a conflict believe that only one side can win and that it is impossible for both sides to gain through negotiation. This thinking characterizes the Arab-Israeli conflict,

particularly the Palestinian-Israeli confrontation. Israelis and Palestinians are prisoners of the past, locked into the prejudices of a historic conflict over what they perceive as absolute imperatives—territory, security, and political legitimacy. Too many persist in seeing the problem as a winner-take-all affair without an appreciation of the need for flexibility, let alone the importance of a practical negotiation.

In each case, the implications of these economic, demographic, and military trends are felt in three independent but interrelated ways.

First—and this is new—they affect the ability of countries and people to compete politically and economically in the increasingly interdependent, democratic, and free market world of the late 20th century.

Second, they impose specific constraints on efforts to resolve the Arab-Israeli conflict by encouraging extremists on both sides.

Third, they risk reversing the trend toward greater Arab acceptance of Israel, starting back down the road to major military confrontation sometime in the future.

The trends I just described are complicated by what Secretary Shultz has termed the propensity of the parties in the conflict to "cling to old visions and dreams as though they were immutable laws of nature." The Secretary has just returned from another round of discussions in the Middle East, and I would like to report to you on the state of play in the peace process.

The Peace Process

As you know, the plan put forward by the United States says that negotiations between Israel and certain of its neighbors who wish to participate in the peace process should be based on UN Security Council Resolutions 242 and 338. The plan also stipulates that, in the case of the West Bank and Gaza, negotiations should take place initially on transitional arrangements but that these negotiations would be interlocked in time and sequence with final status talks.

Since we put this plan on the table, we have heard a number of complaints, problems, and concerns about it. Two examples of reactions we have heard should suffice in explaining what we mean in asking all parties to shed illusions in favor of reality.

- From the PLO (Palestine Liberation Organization), we have read in the media that Resolution 242 is not sufficient, for it is deficient in regard to Palestinian national rights; and the suggestion has been made that additional UN resolutions become the basis of negotiations, including Resolution 181, the partition resolution. From a strictly legal standpoint, I think I understand what Resolution 181 does for the PLO case: it puts the UN General Assembly on record in support of a Palestinian state west of the Jordan River. But can the PLO realistically believe that the clock can be turned back to 1947 and that we start negotiations on the basis of Resolution 181? This is an illusion that simply will not lead to negotiations and a peaceful settlement of the Arab-Israeli conflict.

- On the other hand, some Israelis have argued that the timetable and interlock mechanism are unacceptable deviations from the Camp David accords, and they have suggested that the plan be revised to conform entirely with Camp David. Here, too, I understand the legal motivation, which is to avoid undermining the validity of Camp David or seeing U.S. commitment to Camp David flag; but can these people realistically believe that the clock can be turned back to 1978 and that negotiations can start from a basis which Jordan, Syria, and others rejected categorically? This is an illusion which cannot and will not be fulfilled.

So, as the Secretary said in Cairo, "the recognition that dreams and reality need to be reconciled is a first principle for peace in the Middle East." All peoples share collective, national dreams; these are the stuff of nation-building and political acculturation. But all peoples must appreciate the effect which local, regional, and international realities have on their ability to fulfill overblown, inflated dreams. In the Middle East, both Arabs and Israelis must shed the kinds of illusions which serve as convenient excuses for denying reality. Both sides must seize what is possible by engaging in a process of peace and accommodation.

When these sentiments are expressed, however, the reaction heard most often is one of disbelief: the United States is naive in believing that this is a resolvable conflict. Emotions run too high and hatreds too deep for Arabs and Israelis to seek common bases on which to engage in a peace process.

This reaction is wrong, and it is its own form of illusion, one which borders on hubris. Arabs and Israelis own no monopoly on conflict, violence, and hatred. Just recall the European wars of religion and nationalism. The peoples of the Middle East are not the first or last protagonists who find it politically expedient to stick to unrealistic assumptions rather than contemplate compromise or concession. It behooves us, friends of Arabs and Israelis, to tell both that there is no longer an excuse for extremist positions and demands.

So, if the emerging realities of demography, tools of war, and extremism point up the need for a new approach and if the illusions which the parties have hid behind for so long are revealed as weak excuses for realistic policy, then the answer lies in a serious process of negotiations leading to a comprehensive settlement. Such negotiations will require compromise, but they can achieve the minimum required by both sides—an outcome that will prove conclusively that both can win at peace what neither can win through war.

Questions and Challenges

In the limited time available, I will not review the American plan for negotiations—even though such a review would demonstrate that our plan meets the criteria of realism, sensibility, and achievability which are required. I can review the plan later, if you wish. Rather, I will start from an assumption that our plan is workable and realistic. What it is not, however, is a full script for negotiations. It provides a certain amount of structure for necessary discussions among the parties designed to flesh out operational details. But it requires leadership and partners so that the parties can use the plan as a springboard to negotiations.

Since January, the United States has been engaged intensively in the effort to draw the parties out, to evince their willingness to address the operational details of our proposal. We shall continue these efforts for as long a time as it takes. Our determination will not flag.

But at the same time, there are steps which the parties themselves can take to condition the environment, create an atmosphere conducive to negotiations, and send signals to the other side that positions are negotiable. One key step would be the acknowledgment by all parties of the land-for-peace formula represented by Resolu-

President Meets With Patriarch of Lebanon

WHITE HOUSE STATEMENT, JUNE 24, 1988¹

The President was pleased to meet today with Maronite Catholic Patriarch Nasrallah Sfeir of Lebanon. The Vice President also met separately with Patriarch Sfeir. The President and the Vice President reaffirmed U.S. support for the restoration of Lebanon's unity, sovereignty, and territorial integrity and the withdrawal of all foreign forces from Lebanon. Both emphasized that the suffering of the Lebanese people must end and that a process of national reconciliation is urgently needed, including agreement on political and security reforms. They also recognized that durable peace and security for Lebanon can best be assured by a comprehensive peace settlement for the Middle East and pledged the continued efforts by this Administration on the peace process.

The United States considers the upcoming Lebanese presidential election to be very important for Lebanon's unity and stability. The election should proceed constitutionally, with a new President taking office as scheduled on September 23. It should also be orderly so that a smooth, legitimate transition can occur. The election provides an excellent opportunity for national reconciliation and should be seen in that light. In this context, the United States has responded to the request of Lebanese leaders to help Lebanese Muslims and Christians devise and agree upon a new arrangement for sharing political power. We are convinced by our conversations with these

leaders that responsible Lebanese want to find fair guidelines for a process to establish a central government that exercises full authority over a unified, sovereign state. In that state, all Lebanese would enjoy comparable opportunities for advancement. The United States believes an agreement such guidelines is possible and ought to be achieved as soon as possible.

The United States is particularly concerned about the plight of innocent civilians in Lebanon. The tragic casualties from the recent fighting between rival militias in Beirut's southern suburbs and from terrorist bombing and the continued taking and detention of hostages, both Lebanese and foreign demonstrate the urgent need to restore the authority of the central government throughout the country. Only the central government has the clear, unencumbered right and responsibility to maintain law and order. The continued existence of armed militias and terrorist groups frustrates the desire of the vast majority of the Lebanese people to have the legal order and authority reestablished.

The Lebanese and American peoples have had a long and close relationship. Out of that friendship emerges both our deep concern about Lebanon's future and our enduring commitment to help the Lebanese ease their suffering and achieve national reconciliation. To those ends, the United States pledges both continuing humanitarian assistance and political support.

¹Text from Weekly Compilation of Presidential Documents of June 27, 1988

tion 242. Traditionally, this has been seen as an issue only for those in Israel who favor retention of the West Bank and Gaza. But this is not the case, for Palestinians and other Arabs will also have to respond to the same land-for-peace issue.

As we measure illusions against the test of realism, we need to answer some key questions.

- Would the Arabs be prepared to accommodate themselves to a negotiation premised on the nonreturn of territory? The answer is no.

- Is land essential to satisfy demands for justice? The answer is yes.
- Would Israelis be expected to accommodate themselves to something less than full peace? The answer is no.
- Are peace and normalization essential to satisfy the necessity for security? The answer is yes, because demography and conventional military strategy can no longer ensure security.
- Do Israelis and Arabs require period of transition before they can be expected to complete agreement on land for peace? The answer is yes.

So, I suggest that we move on two tracks simultaneously—one which focuses on substance and modalities of negotiating process and another, commentary track which builds bridges of accommodation and realism between parties about to negotiate with each other.

For Israel, the challenge is to accept and act upon the understanding of legitimate political rights and democratic self-expression for Palestinians compatible with Israeli security. In the long run, they are the key to real security for an Israel at peace with its neighbors.

Surely, this will not be easy, for recent violence in the West Bank and Gaza has heightened Israeli security concerns and focused on short-term solutions. But Palestinian willingness to engage in a political process needs to be tested. And practical steps toward this end can be undertaken in the period ahead with an eye toward creating conditions more beneficial to negotiations.

For Palestinians, equally, the challenge is to turn away from the dead-end of violence and rejectionism and to forge an effective, forward-looking political program. Israel's existence and security are non-negotiable. But the peace and content of a future settlement are exactly what negotiations are about.

For other Arabs, the challenge is to step forward in support of negotiations. To await ideal negotiating conditions is to ensure that negotiations will not take place. Arabs can instill confidence in Palestinians and Israelis that negotiations can work. In this respect, the noteworthy that the Algiers Arab summit meeting did not reject the U.S. peace process initiative. Participants have been quick to signal us that the U.S. dialogue with the parties—Israelis and Arabs—should continue on our proposals, and it will.

Conclusion

Arabs and Israelis have met many challenges in the past. None were more important, however, than those which confront them now. Indeed, the future of the Middle East will be determined by their ability to work together to confront their common challenge of creating a structure of relations within which they and their children can live in peace and security. ■

Secretary Visits Middle East

Following are statements Secretary Shultz made during his trip to Egypt, Jordan, Israel, and Syria (June 3-7, 1988).

ARRIVAL STATEMENT, CAIRO, JUNE 3, 1988¹

I am here to make it clear that the United States will do all it can to promote peace in the area. Egypt is the natural place to start my mission. We seek a comprehensive settlement. Everyone will need the vision, pragmatism, and determination that Egypt has brought to Arab-Israeli peacemaking over the years.

Also needed is the strength to confront reality and to shed illusions that have hindered progress for too long. During this trip, I plan to focus on what is required to move us closer to the negotiating table. Too often, people become convinced that only their dreams or their causes are legitimate. They deny the rights of others. They avoid the realities on the ground. So, the United States—as a veteran of many years encounter with the Middle East—can help our friends face up to the challenges which lie ahead.

We start with fundamental questions. What is the Arab-Israeli conflict? It is the competition between two national movements for sovereignty on one land. The conflict is not the fault of one party or the other; no party has sole responsibility for resolving it. There are no cheap or painless fixes. No one can avoid taking difficult steps.

The continuation of the conflict today stems from the inability of Arabs and Israelis to lay aside prejudices, hatred, and overblown dreams in favor of a negotiated settlement. The fate of Zionism and Palestinian nationalism are interdependent, although many on both sides refuse to recognize this. Instead of a political dialogue among Arabs and Israelis, there is a growing tendency to sharpen differences and avoid compromise.

Negotiations work. Leaders who seize opportunities and pursue policies of accommodation achieve results. Nowhere has this been proven more dramatically than in Egypt, which recovered occupied territory and cam-

paigned actively to advance the cause of Palestinian rights through negotiations. Others fail—those who refuse to confront reality, who reject any opportunity to move ahead, and who cling to old visions and dreams as though they were immutable laws of nature.

No one can be ensured against all possible outcomes in advance of negotiations. Those who seek such guarantees in advance rule out the possibility of making real headway today—and perhaps forever. Only a new realism and sense of responsibility can break Arabs and Israelis out of the self-destructive pattern they are locking themselves into. The recognition that dreams and reality need to be reconciled as a first principle for peace in the Middle East.

In formulating ideas for bringing about negotiations, the United States has been guided by the need to address the needs and requirements of Arabs and Israelis. We have been guided by practical aspects of Middle East reality.

First, there is room—physical space—for Israelis and Palestinians to live side by side, as neighbors, in Israel, the West Bank, and Gaza. Arabs and Israelis are not engaged in a winner-take-all competition. A fair settlement is possible, even though people have difficulty conceiving how to achieve it. It is not too late for a settlement.

Second, Israelis and Palestinians are locked into mutually reinforcing cycles of hatred, which sometimes lead to actions that contradict norms they have established to guide their own behavior. Discrimination and segregation are incompatible with the values of democracy, freedom, and liberty; violence and terrorism are incompatible with political rights, responsibilities, and obligations.

Third, both sides fear entering a process in which the outcome is not known in advance. But a creative process is what is needed, and such a process requires an interplay between transitional and final status negotiations. Just as a transition can provide confidence in possible ultimate outcomes, so the existence of negotiations on the final status can make transitional arrangements work well. The idea of a transitional period, linked to final status talks, was conceived for just such a purpose.

Fourth, both sides ignore emerging global realities which require a new look at old concepts. Their definitions of political rights and obligations, boundaries, and sovereignty are outdated. An appreciation of new global realities can help resolve this conflict. Borders today are permeable and porous, indifferent to the ballistic missile, and indifferent to the desire of any sovereign to shut out the outside world. A thorough reassessment of security concepts is required. Some may need to change; others may not. But one thing is clear: the location of borders is less significant today in ensuring security than the political relations between neighbors. Peace is the real answer to the problems of security.

So, it is illusions which need to be shed but not hopes and aspirations. In a region where visionaries of millennia past shaped the moral and intellectual course of history, it is not too much to hope that visions of today be directed toward accommodation, reconciliation, and peace of tomorrow.

These are among the issues I will want to discuss with our friends in the region. We need to maintain momentum and commitment toward a comprehensive peace. If we are all prepared to confront reality and face up to the challenges ahead, I am confident we can succeed.

ARRIVAL STATEMENT, AMMAN, JUNE 4, 1988

I return to Jordan to continue discussions on bringing about negotiations on a comprehensive peace. Jordan has a crucial role to play in this process. I look forward to productive discussions with King Hussein.

We need to keep the focus on our ultimate objective—an equitable, lasting, and comprehensive peace between Arabs and Israelis. Too often the details of day-to-day diplomacy overshadow the substance. Procedure and process are important tools of diplomacy, but they must be anchored on fundamental principles.

Any settlement of the Arab-Israeli conflict must be based on three fundamental elements.

First, the basis of any negotiating process is Resolution 242 and its call for the exchange of territory for peace. The provisions of Resolution 242 apply to all fronts. There can be no genuine

peace without an equitable settlement of the land issue, and there can be no settlement of the land issue without true peace.

Second, there can be no settlement without addressing legitimate Palestinian political rights. The Arab-Israeli conflict is more than just a dispute over boundaries. It involves identity, aspirations, legitimacy, and history.

Third, there must be Palestinian-Israeli accommodation. This is not a matter of winner-take-all, in which one side can win everything it wants. Palestinians and Israelis must learn to treat each other decently, respect their mutual right to live in security, and fulfill their political aspirations.

This is not an easy agenda. The obstacles we face are formidable. But if we are to succeed—and I think we can succeed—we must address our efforts to the things that matter. I am sure our talks today will keep us on the right road to achieve the goal we seek: a just and comprehensive peace.

ARRIVAL STATEMENT, TEL AVIV, JUNE 5, 1988

What a pleasure it is, always, to be back in Israel. Unfortunately, however, the problems which have brought me to the Middle East often this year move closer to resolution only by inches at best.

People ask, "Why am I traveling again?" The answer is clear. The Arab-Israeli conflict persists; it cannot be wished away. It requires the strength to face reality and the vision to come up with practical solutions to problems.

Today in the region, demographic and economic problems are becoming more serious. The proliferation of longer range missiles and chemical weapons threatens to make future conflicts that much more destructive. Indeed, the next war—let us not have a next war; I know that Israel wants peace and will work for peace—will be unlike any conflict we've seen before, involving more casualties and proving harder to contain. These realities increase the stakes dramatically for regional parties and lay to rest the notion that time works in favor of accommodation.

In light of these realities, movement toward peace and accommodation would seem logical. But, instead, the trend runs in the opposite direction.

- Extremism is spreading. Extremists sow hatred and violence, close off options for political accommodation, and hamper the ability of government to pursue moderate policies.

- Psychological horizons are narrowing rather than expanding. The distinction between the desirable and the possible is being erased. Illusions are becoming substitutes for reality. Prejudice and hatred are overwhelming tolerance and dialogue.

- Palestinians and Israelis are viewing the conflict as threatening their very existence as a people; each fearing the other side is out to destroy it completely. Who will be the first to make gestures of coexistence and accommodation?

A strong and stable Israel is an essential building block for peace. We will always work with you for a strong and stable Israel. The peace treaty with Egypt shows that negotiations can work. We will always work with you to find the way to a constructive negotiating process. Now is the time for further progress toward peace.

This is not idle talk or speculation. The United States has put forward a plan to bring about negotiations. I am back in the region to try to make the plan work. No party has the luxury to turn aside a chance to negotiate. Every party must take up serious challenge of peace.

- For all parties, the challenge is to rise above their fears and prejudices and accept a negotiating process that offers hope for a more peaceful future. That process must be based on UN Security Council Resolutions 242 and 338, including the exchange of territory for peace, and on the need to accept a creative process of negotiations involving the interplay between transitional arrangements and final status. Transitional arrangements can provide confidence in final outcomes, just as negotiations on final status can make transitional arrangements work well.

- For Israelis, the challenge is to see that security based on strength must allow for a fair and just accommodation with Arabs. The continued occupation of the West Bank and Gaza and frustration of Palestinian rights is dead-end street. The belief that this can continue is an illusion.

- For Palestinians, the challenge is to forge an effective political program to replace slogans and violence. The basis of Palestinian thinking must be

e willingness to engage directly with Israelis, to accept Israel's existence and the necessity of its security requirements. The belief that this can be avoided or that violence can end Israeli occupation is an illusion.

- For the Arab states, the challenge is to shape the environment of the region in a responsible way that will facilitate rather than hinder a settlement. This calls for realism, not rhetoric; for practical steps, not sloppiness; for sensitivity to the constraints operating on all of the parties; and for recognition that much has already been achieved in the way of Arab-Israeli accommodation and that these achievements have come only through direct negotiations. The denial of these realities is an illusion.

These are challenges that can and must be met. And they are challenges more or less formidable than others which Arabs and Israelis separately have confronted in the past. The shape of the future of this region will be determined by the ability of Arabs and Israelis to work together to meet the common challenge of forging a lasting peace for themselves and their children.

STATEMENT,
CAIRO,
JUNE 7, 1988¹

During this trip to the region, I have emphasized the need to shed illusions in favor of realistic and practical ways to resolve the Arab-Israeli conflict. Realism is required to prevent serious problems from becoming worse—problems such as extremism, proliferation of dangerous weapons, and more intense animosity between Arabs and Israelis.

This is not a new situation. But the underlying problem won't go away. Nor can it be ignored. The lives and well-being of too many people are endangered by the continuation of this conflict.

There are ways to get at a solution to this problem. With realism and commitment, the parties can construct a negotiating process which meets minimum needs and requirements. The initiative of the United States meets these criteria.

I have during past trips heard many suggestions that our initiative could have in it more—or less—on different points, guarantees, formulas, or timing. I expected this healthy discussion

President Meets With Israeli Defense Minister

WHITE HOUSE STATEMENT,
JUNE 28, 1988¹

The President, the Vice President, and other top officials have met with Israeli Defense Minister Yitzhak Rabin over the past 2 days.

The President noted that Israel and the United States will soon sign a memorandum of understanding for the joint development of an antitactical ballistic missile which will be able to deal with ballistic missile threats. The U.S. contribution will be approximately 80% and that of Israel 20%. This joint development is an outgrowth of research on the Strategic Defense Initiative (SDI).

The President expressed his concern about ominous new military developments in the region. In particular, he called attention to the proliferation of ballistic missiles and chemical capabilities. He observed that such capabilities could change the military situation, making any future war far more costly, difficult to control, and dangerous. Both the President and Vice President emphasized in their meetings with Defense Minister Rabin the need for international efforts to stop this proliferation. They also stressed that these trends put a premium both on continuing U.S.-Israeli defense cooperation

and energetically working for peace in the area.

The President paid tribute to what Defense Minister Rabin has done to strengthen Israeli capability for self-defense. Defense Minister Rabin has also done much to develop our strategic partnership and give it substance. He has recognized realistically what Israel can develop on its own and in partnership with the United States.

The President and Vice President reaffirmed America's commitment to Israel's security, noting that Israel could never be fully secure without peace. Realism and a willingness to nurture rather than reject possible opportunities for peace are essential, as is a climate that makes negotiations possible. While Israel should not be expected to make concessions under the threat of violence, the preservation of order in the territories must neither provide a justification for civilian lawlessness nor act as an excuse for avoiding political discourse with the Palestinians of the West Bank and Gaza. Neither should violence nor controls on violence become ends in themselves, making a political solution more difficult.

¹Text from Weekly Compilation of Presidential Documents of July 4, 1988. ■

sion to continue during this visit to the region. And it has. But something has changed. There seems to be less inclination to fight the problem. There certainly is strong and universal interest in finding a way to move forward.

So, no one suggested to me—here in the region or elsewhere—that the initiative should be abandoned or that our efforts should stop; on the contrary, everyone urged that efforts continue to bring about negotiations. Each recognized the dangers that would follow the breakdown of the peace process. And each conveyed the seriousness of purpose which can make further activity beneficial.

As we advise others to be realistic in their approach to peace, the United States continues to be realistic. The American initiative is an integral whole, but it is not a self-contained negotiating process. Details need to be worked out; operational content needs to be added to its structure. Moreover, we recognize that attitudes must continue to evolve if successful negotiations are to come into being.

So, there's much work to be done. I have been encouraged again by all parties to continue; in return, I encourage them to double their efforts to face up to the required difficult decisions. To those who share the vision and hope of a negotiated settlement of the conflict,

I urge realism, restraint, and commitment. I urge practical steps to foster a better climate and create conditions more conducive to peace-making. The process needs encouragement and support, particularly for those who must make difficult choices in the period ahead.

In the period ahead, the United States will remain heavily involved. We will be in close touch with the parties. We have many things to discuss. We are willing to help shape opportunities that exist. We are willing to discuss the details required to launch a realistic negotiating process. We are anxious to help frame steps by the parties that send messages of accommodation to each other. In short, there will be no diminution of the American effort. We are confident of our initiative, confident of the desire of the parties to proceed, and confident that the peace process can be carried forward.

Visit of Australian Prime Minister



White House photo by Susan Biddle)

¹Press release 102 of June 6, 1988.

²Opening statement to a news conference, the question-and-answer portion of which is not printed here (text from press release 105 of June 13). ■

Prime Minister Robert J.L. Hawke of Australia made an official working visit to Washington, D.C., June 22-24, 1988, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Hawke after their meeting on June 23.¹

President Reagan

I was pleased to welcome Prime Minister Bob Hawke to Washington again, especially because this year Australia is commemorating its bicentennial. The United States and Australia have been steadfast partners through times of war and times of peace, and I'm sure the Prime Minister's visit to Washington and other cities in the United States will deepen the already close ties between our two countries.

During the Prime Minister's last visit in 1986, I promised to reciprocate Australia's contribution to our own bicentennial celebration. Last year Congress appropriated \$5 million for a U.S. national gift to Australia that will be used for a permanent U.S. gallery in the Australian National Maritime Museum, with an exhibition commemorating 200 years of bilateral maritime relations. I expect this exhibit, along with other public and private efforts too numerous to list, will serve as a lasting testament of our two peoples' enduring friendship.

Our discussions have covered a range of topics, including security and progress in arms control. I shared with the Prime Minister my detailed assessment of my meeting a few weeks ago in Moscow with General Secretary Gorbachev. Australia is an important ally in our efforts to reach meaningful arms reduction agreements with the U.S.S.R. The joint facilities that Australia hosts are essential to deterrence and to the West's ability to monitor Soviet compliance with arms accords. The United States greatly appreciates Australia's contributions to the vital task of preserving peace in both the South Pacific and throughout the world.

Prime Minister Hawke and I also talked a good deal about bilateral trade issues. The United States and Australia have closely parallel interests in the current round of multilateral trade negotiations. We're in full agreement of the need to open up international trade in agricultural products, a keystone of both our economies. We also agree on the need to redouble our efforts toward the elimination of trade-distorting government subsidies of agricultural products. The Toronto summit resulted in a strong, unified position on the pressing need to invigorate the multilateral trading system. I noted that the United States will continue to work closely with Australia and other like-minded countries to carry us through to a positive conclusion of the ongoing trade negotiations.

tations. Until we achieve that goal, we will ensure that any measures that the United States may take to counter unfair subsidization of agriculture take fully into account the interests of countries like Australia.

We also exchanged views on refugees and regional issues, particularly the importance of cooperation among Pacific states to maintain a secure, peaceful, and prosperous environment in which democratic government can flourish. The stabilizing role the U.S.-Australia alliance plays in supporting our common efforts has helped foster the phenomenal growth the Pacific region has enjoyed.

In summing up, I cannot overstate the importance we attach to our relationship with Australia. Australia has made major contributions to our mutual security over the past 40 years as a responsible ally, a staunch defender of democratic freedoms, and as a major trading partner.

Bob, you've been a good friend, and I value your counsel. This is our fourth meeting, and I'm delighted that we've been able to have regular, personal exchanges of views and ideas. I know the American people will extend you a warm welcome, in the tradition of hospitality that both Aussies and Americans are famous for, as you continue our visit in the United States.

Prime Minister Hawke

I confirm that the President and I have been able to engage in a very useful discussion covering the range of topics to which the President has alluded. We have confirmed the strengths and the enduring nature of the relationship between our two great countries, a relationship which, as I was able to say in Congress and confirm with the President, is based upon a shared commitment to principles which we regard as fundamental to the operation of a free and open society.

I took the opportunity of thanking the President for the fact that during my prime ministership, as he has said, he has welcomed me here on a number of occasions; and I observed that this would almost certainly be the last occasion on which I would have the opportunity of meeting with him as President of the United States. And I expressed to him personally and on behalf of the Government and people of Australia our gratitude for the contribution of his presidency to the improvement not merely of his own people but globally.

The fact that today, as I said to the Congress, we have more than at any other stage in the postwar period reason to look with optimism to a future where the world can live more constructively at peace is in very large measure, as I told the President, due to his ideas, to his persistence, to his strength, to his determination to shape the agenda and the context of the discussions between the two superpowers. He has ensured properly that when he has come to speak, he has spoken both from a position of strength and from a position where he knows that he has consulted and has the support of his allies and friends. He has insisted that in those discussions that the vital question of human rights shall be a central part of the agenda. And the results have shown not merely in the negotiation for the first of an agreement which has eliminated a particular class of nuclear weapons but also in the area of human rights, the significant advances that have been made in the attitudes and practices of the Soviet Union, that his determination in the shaping of the agenda has been right and that it has borne fruit. And I repeat that we are this day able to look with a greater degree of confidence to a world in which the resources of mankind may be able, with a greater degree of confidence, to be channeled in the constructive uses is significantly a result, as I told you, of the time of your presidency. And we are indebted to you for that.

We are also indebted to you for the fact that in your own country, you have presided over a period of record growth and uninterrupted prosperity. Our relationship, as I've said to you, is so good and so mature that where we do have any differences we are able to discuss those.

I expressed to the President, in particular, the appreciation of the Government and people of Australia for the way in which he has reflected the fact that the correspondence that takes place between us is no mere formality but that the President reads, takes account of, and carries with him in his presentations the consideration of the Australian position. And in particular, of course, I refer to the fact that I, for some time now and particularly just before the recent Toronto summit, wrote to the President, stressed the importance that we attach to the attainment of a liberalized international trading system in general, and in particular, in regard to agricultural commodities.

And as you know, the President took those matters seriously into account and pressed them at the Toronto summit. I expressed our appreciation to the President.

And so, I conclude, Ron, as I began in our private talks, in saying in front of the media, thank you for a contribution to the relations between our two countries, which I believe has been unique on your part. And thank you for the contributions that you have made, which means that at the end of your presidency the world is going to be a better and safer place than it was when you took office.

¹Made in the East Room of the White House (text from Weekly Compilation of Presidential Documents of June 27, 1988). ■

Australia-U.S. Ministerial Held in Washington

JOINT COMMUNIQUE,
JUNE 29, 1988

The United States Secretary of State, Mr. George Shultz, and Secretary of Defense, Mr. Frank Carlucci, and the Australian Minister for Foreign Affairs and Trade, Mr. Bill Hayden, and Minister for Defense, Mr. Kim Beazley, met June 28-29, 1988, in Washington, D.C., to discuss global and regional issues affecting the interests of both countries, as well as issues in the bilateral relationship.

The discussions reflect the pattern of close and continuing contacts at the ministerial level on matters of mutual concern that has marked the U.S.-Australian alliance.

Defense and Security

The Australian and U.S. Governments reaffirmed the importance of continued active defense cooperation under the ANZUS [Australia, New Zealand, United States security treaty] alliance. The ANZUS alliance continues to serve the vital interests of both governments by contributing to regional security and to the maintenance of a global balance essential to world peace. The two governments noted that the ANZUS treaty remains in place and reaffirmed that the rights and obligations assumed by Australia and the U.S. under the treaty remain constant and undiminished. In the view of both the U.S. and Australia, unimpeded access for allied ships and aircraft is essential to the full effectiveness of

the ANZUS alliance. The U.S. confirmed that its security obligations to New Zealand under the treaty remain suspended pending adequate corrective measures by the New Zealand Government which would permit a return to normal patterns of alliance cooperation. In this context, Australia maintains its bilateral security relationship with New Zealand.

The U.S. welcomed the progress that Australia continues to make in fulfilling its security goals as expressed in the Australian Government's White Paper on defense. The U.S. reaffirmed its understanding that the Australian Government's emphasis on defense self-reliance and modernization, incorporated into an alliance framework and based on broad concepts of strategic responsibility and regional cooperation, constitute a strong foundation for the defense of Australia and Australia's fulfillment of its alliance responsibility. Both sides reaffirmed the importance of the U.S./Australian Joint Facilities to global security. The Joint Facilities, which Australia hosts, are essential to deterrence and to the verification of arms control agreements that seek to preserve Western security at lower levels of nuclear armaments.

Both sides recognized that this meeting was taking place at a time of important changes in the Soviet Union and expressed the hope that these changes would follow a course leading to a more stable and peaceful world. The Australian Government congratulated the U.S. Government for its part in improving relations with the Soviet Union and welcomed the ratification of the INF [Intermediate-Range Nuclear Forces] agreement and the progress made at the June U.S.-U.S.S.R. summit toward agreement to cut strategic nuclear forces. The sides agreed that a strategic arms reduction agreement must be both verifiable and stabilizing. The two sides also welcomed progress made in U.S.-Soviet negotiations on nuclear testing.

On these and other East-West issues, the two sides expressed their support for a policy of negotiation based on realism and a firm commitment to the military forces needed for deterrence and defense. As progress is made toward reducing nuclear weapons, both sides agreed that stability at lower levels of conventional weapons becomes increasingly essential to the maintenance of a strategic balance. In this regard, both sides noted that despite variations in Soviet deployments outside the North Asia area, the Soviet Union has continued improving its military capabilities available for use in the Pacific region.

Both governments reaffirmed their commitment to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and to the system of International Atomic Energy Agency safeguards. They urged all states which still have not done so to adhere to the NPT and agreed to work together to achieve a successful fourth NPT

review conference in 1990. Both governments also reaffirmed the need for the conclusion of a comprehensive, verifiable and truly global international convention which effectively bans chemical weapons. The U.S. underscored its determination to work toward this goal, recognizing the need to overcome the considerable difficulties involved in concluding an effective verification regime. Australia will also continue its efforts in cooperation with the U.S. and all other countries involved.

Regional Security

The two sides carefully reviewed recent developments affecting the complex political and strategic situation facing states and territories in the South Pacific. They emphasized their common commitment to fostering democratic processes and economic prosperity in that region. Both governments reaffirmed their intentions of working closely with island countries to promote security and stability, and in this context the U.S. noted Australia's recent actions in support of democratic institutions in Vanuatu. Both governments expressed their hope that Fiji will continue efforts to restore democratic constitutional government. The two sides expressed support for the efforts of the Government of France to consult all the parties in New Caledonia on arrangements for the future political status of that territory. Both sides reaffirmed their support for an act of self-determination which will result in a viable, long-term, multi-racial political solution which is acceptable to all parties. The growing international recognition accorded to the Federated States of Micronesia and the Republic of the Marshall Islands was welcomed. The two sides agreed on the need for a final resolution of Palau's status consistent with the will of the people of Palau.

Australia warmly welcomed the U.S. ratification of the South Pacific Regional Fisheries Access Treaty. The two sides reiterated their commitment to economic development in the region and welcomed the increased efforts of other nations, such as Japan, to assist in this process. They noted the importance of appropriate consultation among all parties involved in development assistance programs in the region so as to ensure that the development objectives of the island states are being met.

The two sides reviewed Soviet activity in the South Pacific and noted the importance they both attach to Soviet policies toward the region being positive and constructive. They agreed on the need to continue to be alert against any destabilizing Libyan activity in the region.

The Australian and U.S. Governments expressed their continuing support for regional cooperation in Southeast Asia through the ASEAN [Association of South East Asian Nations] organization. They agreed that the continued occupation of Cambodia by Vietnamese forces remained

the principal source of tension in Southeast Asia. They expressed their hope that all countries, including the Soviet Union, would contribute constructively to a solution which will lead to the full withdrawal of Vietnamese troops and the reestablishment of an independent, neutral and non-aligned Cambodia. The U.S. expressed its support for Australia's continued active involvement in the Five Power Defense Arrangement, noting the important contribution made by the Arrangement to regional stability and security.

Both sides drew attention to their support for Philippine democracy. They welcomed the substantial accomplishments of the government of President Aquino has achieved in restoring democracy, recognizing individual rights and in generating economic activity. They agreed on the desirability of further discussions with the Government of the Philippines on prospect for a coordinated international effort to bring together economic resources necessary for accelerated economic and social development. Australia stressed the important contribution the U.S. military facilities in the Philippines make to international security and particularly to security and confidence in the region. Australia expressed the hope that the current review of the U.S.-Philippine Military Bases Agreement can be brought to a successful conclusion.

Economic and Trade Issues

Both Governments reaffirmed their commitment to reducing protectionism and dismantling restrictions on trade and underlined the importance they attach to the common cause of opening up and invigorating the multilateral trading system. Australia welcomed the priority given to agricultural reform at the Uruguay Round and most recently at the Toronto summit, and emphasized the importance of maintaining momentum in the current GATT [General Agreement on Tariffs and Trade] round of negotiations.

Both sides emphasized the importance of the Uruguay Round as a vital opportunity to overcome the root causes of distortion in international trade. Both sides agreed that the mid-term review in Montreal should register tangible results in as many areas of the Uruguay Round as possible, embracing in particular short- as well as long-term elements of agricultural reform. Despite some tactical differences Australia and the U.S. share many of the same objectives in these negotiations, particularly the fundamental goal of comprehensive, market-oriented reform of international agricultural trade. Both governments stressed the need for short-term actions to be consistent with shared long-term objectives in international trade policy and the importance of adherence by all nations to the standstill and rollback provisions of the Uruguay Round.

The U.S. expressed its appreciation for the role taken by Australia and the Cairns Group in advancing multilateral trade reform, particularly in the area of agricultural trade liberalization. The U.S. took special note of the positive steps recently announced by Australia to reduce industry assistance. Both sides welcomed the decision of Japan to open its market for following negotiations with the U.S. and Australia.

The U.S. took careful note of Australia's concerns over the impact on Australia of U.S. agricultural trade policies. The U.S. noted Australia's view that to the degree protectionism and agricultural subsidies impose economic strains on Australia, they impair Australia's ability to work effectively with its allies and friends. The U.S. emphasized that any measures it takes to counter unfair subsidization of agriculture will take fully into account the interests of countries like Australia which do not subsidize production.

The two sides agreed that the yearly ministerial talks demonstrate the wide range of interests which the U.S. and Australia share, and their determination to work together for peace and security in the Asia-Pacific region and the world. ■

FY 1989 Request for Security Assistance Program

by John C. Whitehead

Statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on May 26, 1988. Mr. Whitehead is Deputy Secretary of State.¹

It is a pleasure for me to appear before you today to discuss the Administration's FY 1989 security assistance request. As you know, I have been directed by the Secretary to be the Department's coordinator for programs within the framework of Function 150, the international affairs component of the budget. I consult regularly with the other Function 150 Departments and agencies which are involved with the Function 150 budget, including Defense, Treasury, Agriculture, the Peace Corps, the U.S. Information Agency (USIA), the Board for International Broadcasting, and the Export-Import Bank. Accordingly, I deal extensively with the security assistance programs as they relate to the Function 150 budget as a whole.

Therefore, my testimony today will focus both on how foreign operations fit within the overall international affairs budget and also on how security assistance fits within the foreign operations aggregate.

I would like to summarize briefly what I like to describe as our "winning hand" and then make the case for why we believe that a winning hand still needs adequate resources with which to back it up.

A Successful Foreign Policy

Our country has achieved a lengthy record of foreign policy successes in the past several years. In the last year alone:

- We have concluded a historic treaty with the Soviet Union to eliminate an entire class of nuclear weapons, and negotiations for a 50% reduction of all intercontinental ballistic weapons are at an advanced stage;
- We continue to challenge Moscow and the Eastern bloc on the fundamental issues of human rights and freedom of peoples and have seen considerable progress on these issues;

- We have supported the Afghan freedom fighters for 8 long years and are now finally witnessing the long-sought Soviet Army departure from that embattled land;

- We are firmly engaged in the search for peace in the Middle East, and the Secretary is committed to continue his efforts to keep alive the hope for more progress toward a resolution of the problems in this region;

- We have taken major strides toward stabilizing the political and economic situation in Central America. The bipartisan financial support for the four democracies—El Salvador, Honduras, Guatemala, and Costa Rica—has been significant in this regard, and we continue to press Nicaragua and Panama to turn toward democracy;

- We undertook a successful program to protect neutral shipping in the Persian Gulf;

- We are at the forefront of the international effort to end the Iran-Iraq war; and

- We have seen remarkable shifts to democratic forms of government in two key East Asian strategic allies—the Philippines and South Korea.

Many of these successes have come about because we were able to provide adequate levels of financial resources to back up our policy. Others can only be sustained by renewing our commitment to match policy with resources.

The Budget Summit

The Administration's request for Function 150 resources in FY 1989 is in line with the conclusions reached last November in the budget summit agreement between the White House and congressional leaders.

With respect to last year's budget summit process, I want to take this opportunity to express our very sincere thanks to you and to the subcommittee's ranking member Senator Kasten for your strong support of Function 150. As a direct result of your good efforts, our international affairs budget came out of the summit much better off than otherwise would have been the case—not necessarily where we hoped to be in terms of necessary resource levels but certainly much better off than would have been the case had there been no summit agreement at all.

Therefore, in accordance with the summit agreement, we seek a 2% increase in Function 150 discretionary funding for FY 1989 over the levels in the FY 1988 continuing resolution. This \$18.1 billion total reflects the first increase for the international affairs budget since FY 1985.

In analyzing this figure, it is useful to divide it into two subcategories. The first, totaling \$14.4 billion, is the sum of all our foreign assistance programs. With the exception of PL 480 food aid, which is appropriated by the Agriculture Subcommittee, these programs are entirely under the appropriations jurisdiction of this subcommittee. The balance of the \$18.1 billion (or \$3.8 billion) represents the institutional backbone of our foreign policy—the operating budgets of the State Department, USA, and the other foreign affairs agencies which fall under the jurisdiction of the Commerce, Justice, State Subcommittee.

In putting together our FY 1989 request, we were guided in the aggregate by the totals of the budget summit agreement. In the mix of programs within these totals, we tried as closely as possible to adhere to the spirit of the summit itself. That is, we sought to minimize the number of issues which have traditionally divided the Congress and the Administration in determining the mix of programs.

We have also worked closely with the Congressional Budget Office to minimize differences over the all-important scoring of the budget. As a result, with only two exceptions—Export-Import Bank outlays and the needs of the guarantee reserve fund (a mandatory program outside of the parameters of the budget summit agreement)—we are in accord with the Congressional Budget Office's reestimate of the President's request.

Security Assistance Request

It is important to note that our foreign military sales (FMS) and military assistance program (MAP) request represents a modest increase of 3.7% over the enacted FY 1988 continuing resolution level. While higher than the overall 2% increase for the function as a whole, it is still almost \$100 million below the FY 1987 level and over \$800 million below the levels which were appropriated in FY 1985 and 1986. I believe, and I hope that you would agree, that our military assistance programs are a

critical element in our overall efforts to pursue U.S. national security and foreign policy interests. While our FY 1989 request does not come close to restoring the cuts in military assistance over the past 3 years, we are seeking a slightly higher rate of increase next year for those accounts than would be available under a simple application of the budget summit's 2% formula. We believe such an increase is necessary to restore an appropriate amount of funds for key programs in Portugal, South America, the Caribbean, and Africa—programs which were either zeroed out or scaled back drastically in FY 1988.

In addition to the modest 3.7% increase in appropriations for military assistance programs, we are also proposing for the first time that such programs be carried out on an all-grant basis. This proposal is a critical element in our ability to live within the limits imposed by the budget summit agreement and still meet our military assistance requirements around the world. An all-grant program will not provide "more quantity" for military purchases, but it will provide "more quality" assistance for military programs, assistance that will not add to the serious debt servicing burdens being faced by many of our security partners.

We view this all-grant initiative as a logical extension of recent congressional action on military financing activities, action in which this subcommittee has taken the leadership role. In FY 1985, the Administration proposed and the Congress approved bringing the FMS program on-budget, thus allowing us to provide FMS financing to selected countries at concessional rates of interest. As the budget squeeze became tighter and tighter, FMS appropriations were reduced, but the Administration has been given greater flexibility in choosing the terms under which the financing can be offered.

In the FY 1987 bill, for example, this subcommittee initiated action that would have allowed the Administration to provide all military financing on a grant basis (as forgiven FMS loans) and would have also allowed for the selective conversion of previously appropriated, but undrawn, FMS loans into grants. Although this proposal survived in the Senate, it unfortunately did not make it through the conference on that year's continuing resolution. However, the FY 1987 continuing resolution did allow the Administration to provide the FMS loans to Israel and Egypt on a

forgiven basis and all other FMS loans at concessional rates of interest.

Last year's continuing resolution again saw the level of military assistance appropriations reduced. Once again, however, the Administration gave maximum flexibility to offer FM loans at concessional rates of interest and, for the first time, two additional countries—Turkey and Pakistan—were added to the list of those which could receive forgiven FMS loans. Once again, it was the Senate that went into conference recommending an all-grant military assistance program. These were very important improvements to the military assistance program and went a long way to easing the difficulties that accompanied the reduction in funding levels for many countries.

You have been leaders in the effort to come up with new and creative ways to cope with a shrinking military assistance budget. Your efforts have been greatly appreciated by the Administration.

We are now seeking a small but much needed increase in military aid levels for FY 1989. Picking up on you FY 1987 and 1988 initiatives, we have proposed for FY 1989 that all military assistance be provided on a grant basis. I sincerely hope that you will be supportive of both the level and the term of our request.

Earmarked Funds

Before concluding my remarks, I must say a few words about earmarks. As you undoubtedly know, I have been critical of the high degree of earmarking of the security assistance account contained in the FY 1988 continuing resolution. While the budget summit agreement provided us with more foreign assistance funds than we otherwise would have received and while the continuing resolution provided more forgiven FMS and the flexibility to set concessional rates of interest on the nonforgiven FMS, the continuing resolution also took away needed flexibility by heavy earmarking, especially in economic support funds (ESF) where over 90% of the total funds provided were earmarked for particular countries.

The individual earmarks themselves were not significantly out of line with what the Administration had proposed in its request. However, these earmarks, in conjunction with appropriations well below the Administration's request, created a rigid and potentially dangerous situation. In FY 1988, we

re faced with a choice—whether to eliminate ESF and military assistance programs in several important countries or use special presidential authorities to break the earmarks. Neither prospect was appealing. After long consideration, we chose not to break the earmarks. We are doing our best to manage the bilateral difficulties that were created by the steep reductions or outright eliminations of assistance to several important aid partners.

Our FY 1989 request is a modest one. If it is appropriated, we will be able to continue playing the "winning hand" I described at the beginning of my testimony. If we face yet another year of reduced levels and heavy earmarking, however, the damage may be irreparable—basing and access agreements could be lost, and crucial international support on a variety of foreign policy, national security, and economic issues will be further eroded. We cannot expect others to be dependable friends if we cannot be one ourselves.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Status Report on Afghanistan

Following are statements by Under Secretary for Political Affairs Michael H. Armacost and Assistant Secretary for International Organization Affairs Richard S. Williamson before the Senate Foreign Relations Committee on June 23, 1988.¹

UNDER SECRETARY ARMACOST

I welcome this opportunity to discuss our Afghanistan policy with you this afternoon. I am particularly pleased to do so not only because we have been successful in moving toward attaining the principal objectives of that policy but because this hearing provides an occasion for me to express our appreciation for the strong, bipartisan support we have received from this committee and many others in the Congress in pursuing those objectives. Our policy toward Afghanistan provides evidence that Congress and the Administration can work effectively together to bring about historic results in the cause of freedom.

Our aims in Afghanistan have been consistent since the Soviets invaded that small, traditionally nonaligned nation in December 1979. They were, and remain:

- Rapid and complete withdrawal of Soviet troops;
- Restoration of Afghanistan's independent and nonaligned status;
- Return of the refugees in safety and honor; and
- Self-determination for the Afghan people.

These objectives have been widely shared by other nations, as demonstrated by the overwhelming majorities which have each year supported the Pakistan-sponsored UN General Assembly resolution calling for their implementation. Even more importantly, they represent the goals of the people of Afghanistan themselves. The valiant struggle of the Afghans, with the support of their friends, is what has made our policy achievements possible.

The Geneva Accords and Withdrawal of Soviet Forces

The successful conclusion of the Geneva accords on April 14 provides a framework for attaining our policy goals.

Above all, it calls for the complete withdrawal of the Soviet occupying army. Moscow is obliged to remove half its troops by August 15 and the remainder by February 15, 1989, and, in fact, Foreign Minister Shevardnadze indicated to us that the Soviets expected the withdrawal would be completed by the end of 1988. This, in turn, will remove the principal impediment to achievement of other goals, particularly the safe return of refugees and the creation of a broadly based government representing the Afghan people.

The significance of this accomplishment cannot be overstated. The 1979 invasion marked the first time since their occupation of Eastern Europe in the final months of World War II that the Soviets had seized territory by military force. A blatant violation of Afghanistan national sovereignty to salvage communist rule in Kabul, it brought Moscow's army and air force to the borders of the Indo-Pakistan subcontinent and to within striking distance of the Persian Gulf. It was an affront to Afghan self-determination and a challenge to the peace, stability, and security of the region. The reaction of the United States, and of the overwhelming majority within the community of nations, was strong opposition to the Soviet actions and support for the Afghan resistance.

The withdrawal of the Soviet forces—now well underway—is, perhaps, an even more historic milestone. Its implications go well beyond the restoration of the strategic balance of the region and the rebirth of an independent Afghanistan, important as these are. It strengthens the cause of self-determination everywhere. It could also lend impetus to efforts to resolve other regional conflicts.

You will recall that when we agreed in principle in December 1985 to Pakistan's request that we serve as a coguarantor with the U.S.S.R., we did so on condition that the accords be satisfactory to us. It was only when we were so satisfied that we took on the coguarantor role and, with the Soviet Union, undertook to respect the agreements arrived at by Pakistan and Afghanistan. We insisted, moreover, that the obligations of the guarantors must be balanced and symmetrical. We were prepared to accept a joint U.S.-Soviet moratorium on further military

supplies to Afghan parties during the period of their withdrawal and several months thereafter. The Soviets refused such an arrangement, insisting on their right to continue providing military supplies to their client government in Kabul. We consequently insisted that the United States would retain and exercise the right, consistent with its own obligations as a guarantor, to provide military assistance to parties in Afghanistan. Should the Soviet Union exercise restraint in providing military assistance, the United States similarly will exercise restraint.

The Soviets are withdrawing their troops as stipulated in the accords. We estimate that around 25,000 troops have left their garrisons. Over half of these have already crossed into the Soviet Union. The Soviets thus are proceeding on the basis of the schedule agreed to at Geneva. Soviet troops, thus far, have left most of eastern and southeastern Afghanistan, including the major cities of Jalalabad, Ghazni, and Gardeyz. These areas are now free of Soviet troops. In the coming weeks, we expect troops in the western portion of the country, including the cities of Qandahar, Shindand, and Herat, to be withdrawn. A withdrawal of Soviet troops in this area would bring them to the 50% mark. Preparations for the withdrawal continue throughout the country, however, and the Soviets could move other forces first if they wish to do so.

Thus far, the Soviet withdrawal has been fairly uneventful. The *mujahidin* have harassed some withdrawing Soviet columns but have not mounted major attacks. It is possible that *mujahidin* commanders in some areas have concluded local cease-fires with the departing Soviet troops—preferring to preserve their supplies for the battle against the forces of the regime.

In their efforts to bolster the Kabul regime, the Soviets are turning over large quantities of military supplies to the regime's armed forces. As the Geneva accords came into effect on May 15, General Gromov, the Soviet commander in Afghanistan, announced that Moscow would leave behind "facilities and equipment" valued at \$1 billion. In addition to consumable supplies such as ammunition, the Soviets are also delivering heavy equipment such as armored fighting vehicles and transport aircraft. Some of this is being brought in from the Soviet Union.

These Soviet efforts have not checked the continuing deterioration in the position of the Kabul regime. Some 20 garrisons and district towns have fallen to the resistance in the past few weeks. Much of the area vacated by the Soviets has been abandoned by or taken from the Najibullah army. The major city of Qandahar is under serious pressure from the *mujahidin*. Its fall would constitute a severe blow to a regime already wracked by factional infighting and desertions from its armed forces.

The resistance is well positioned to take advantage of the new situation created by the Soviet withdrawal. Its commanders have displayed an impressive ability to work together in tactical operations, despite differing party allegiances. It is very well supplied. The materiel it has received from its friends has been massively supplemented by equipment captured from surrendering or retreating Afghan forces. In seizing the eastern Afghanistan stronghold of Ali Khel, for example, the *mujahidin* acquired materiel that would provide them the means to fight the war throughout the country for more than a month.

The rapid deterioration of the regime's present situation and its poor future prospects have prompted Moscow to launch a volley of charges alleging that Pakistan is violating the Geneva accords by aiding the *mujahidin*. Pakistan denies that it is violating the accords and has granted staff of the UN Good Offices Mission for Afghanistan and Pakistan access to border areas. Islamabad has also reported shelling and strafing of Pakistan border towns by the forces of Najibullah.

As we told the Soviets at the Moscow summit when they raised the issue, we fully support the sovereignty and territorial integrity of our Pakistani ally. While we commended the Soviets at the summit for making the decision to withdraw, we also underscored that we and other countries expect to see them complete that withdrawal on schedule.

So far, we see no evidence that the Soviets do not intend to meet their troop withdrawal deadlines on August 15, 1988, and February 15, 1989. They have confirmed to us that there is no change in the timetable. We believe that in charging that Pakistan is violating the accords, Moscow evidently hopes to build up pressure on the Pakistanis to rein in the *mujahidin*. The charges could also serve the

Soviets by identifying a convenient scapegoat for the serious setbacks the Kabul regime has suffered. The Soviet may also hope to drive a wedge between us and the Pakistanis.

We have consistently maintained that the prerequisite for Afghan self-determination is Soviet withdrawal. The current regime in Kabul is only the most recent in the line of failed administrations installed by Soviet bayonets. It is illegitimate and lacks any semblance of popular support. Only the Soviet military presence enables it to survive. Its repeated efforts over the past 18 months to broaden its support through a variety of appeals for so-called national reconciliation and offer to the opposition of a share in power are bogus and have evoked no significant response.

Afghanistan's Future Course

We believe that Afghanistan's future political course must be left to the Afghan people themselves to decide. The United States has no blueprint for Afghanistan. Nor do we favor any group or individual. The experience of the British in the 19th century and the Soviets in this one suggests that the Afghans do not take kindly to efforts by outsiders to choose a government for them.

We hope that the Afghans will be able to develop a process for selecting government representative of Afghan society. We support the efforts of UN Under Secretary General Diego Cordovez to promote a dialogue among the Afghan parties. His aim is to work out a transitional arrangement as a step toward self-determination. We do not know if his efforts will be successful.

We continue to urge the resistance to overcome its factional differences. We are heartened by evidence that the *mujahidin* are making efforts to increase cooperation both among commanders in the field and among the resistance parties. I have noted the better coordination of the resistance military effort within Afghanistan, particularly since the Soviet withdrawal began. The resistance alliance has recently announced both a cabinet for its proposed interim government and plans to hold elections within the next few months. These plans are tentative and may be modified over time, but they show that the resistance recognizes the need for greater cooperation and is attempting to bring this about.

We do not know what kind of government the Afghans will choose. But I am confident that a free Afghan government will eventually emerge with which the United States will enjoy the friendly relations which characterized U.S.-Afghan ties before the communist coup of 1978 and the Soviet occupation which followed.

S. Efforts

As part of our ongoing effort to keep in close touch with the resistance and the refugees, we have sent periodic special missions to supplement our regular staff in Islamabad and Peshawar. Our current plans include the assignment of very well-qualified, language-trained officers to serve as Ambassadors [to Pakistan Arnold] Raphael's special assistant for Afghan affairs. He will be spending much of his time in contact with resistance figures in Peshawar and elsewhere.

In line with our objective of promoting a peaceful and stable Afghanistan, the United States expects to play a role in helping the Afghan people get back on their feet and rebuild their war-devastated country. Refugee resettlement and rehabilitation will be a major challenge. Approximately 3 million Afghans fled to Pakistan in the years following the Soviet invasion; another 2 million are estimated to be living in Iran. In addition, several million have been displaced within Afghanistan itself. In fact, population distribution within the country has been dramatically altered, putting significant pressure on Afghanistan's fragile infrastructure and the slender food resources of many regions of the country. The widespread sowing of literally millions of landmines has added an ominous new dimension to the rehabilitation effort. The refusal, thus far, of the U.S.S.R. or the Najibullah regime to help locate and remove these mines is a moral outrage and inconsistent with their commitment in the Geneva accords to facilitate the return of the refugees.

We have been actively engaged with the United Nations and other governments in planning for the repatriation of the refugees and the resettlement of these people and of displaced persons within Afghanistan. Assistant Secretary Williamson has been coordinating our efforts in this area and will now describe them for you.

ASSISTANT SECRETARY WILLIAMSON

I welcome this opportunity to appear before this committee for the first time since Secretary Shultz asked me to assume the job of Coordinator for Afghan Affairs. I look forward to working closely with this committee as we move forward with the implementation of the Afghan accords, which were signed in April in Geneva.

Under Secretary Armacost has given you a comprehensive overview of the political-military situation in Afghanistan. As he indicated, I will focus on our bilateral and multilateral effort to aid the refugees who fled from Afghanistan and the displaced persons within that country.

The Objective: Return of the Afghan Refugees

For years the safe and honorable return of the Afghan refugees has been a major objective of the United States and the international community. Their return, as well as that of the displaced persons, will enable them to participate in the political and economic reconstruction of their country. It will help carry forward the process by which the Afghan people exercise their right of self-determination and establish their own government.

As the Afghan people return home, they hope to begin rebuilding their lives after enduring almost 9 years of Soviet occupation and the destruction of much of their country. However, as Prince Sadruddin Aga Khan, the newly appointed UN Coordinator for Humanitarian and Economic Assistance in Afghanistan, has pointed out, this expectation of better things to come can turn into a crisis of hope. As he notes: "Unless the essential needs of normal life can be quickly met, hope may be just as quickly followed by despair and renewed suffering."

The refugee and related issues pose a daunting challenge to the international community. The demands for expertise, experience, and finance compel an international response to which the United Nations and its technical and development agencies must provide leadership. This is one of the principal functions for which the United Nations was created—to help put into place the building blocks of peace and create the conditions "to give peace a chance."

The Afghan people are hardy and capable. Their valor and self-reliance are impressive. But despite their re-

silience, self-reliance, and downright toughness, the Afghan refugees need our help. The international community must rise to the occasion to assist the refugees as they return to homes in rubble, fields laced with mines, and destroyed irrigation systems—so vital in an arid country such as Afghanistan.

Organizing To Achieve the Objective

In recent months, we have put a great deal of energy and effort into assuring the creation of a UN relief and resettlement program for the Afghan people that runs efficiently, effectively, and without duplication. Beginning in March, I spoke with the Secretary General on several occasions, urging him to appoint a special coordinator who could organize and manage this type of UN effort and obtain the necessary contributions from the donor nations. Secretary Shultz raised the issue with UN officials when he signed the Afghan accords in Geneva on April 14. We continued to campaign for such an appointment right up to the announcement on May 11 that Prince Sadruddin Aga Khan had been selected as the special coordinator. We strongly applauded his selection.

We have already had extensive contact with Prince Sadruddin. I spoke with him immediately following his appointment and consulted with him in Geneva at the end of May following his visit to Afghanistan, Pakistan, and Iran. At that time, I shared with him our ideas on the UN assistance effort and ascertained how his thinking was evolving. On June 13, 3 days after the Secretary General announced the UN appeal, Prince Sadruddin came to Washington for meetings with President Reagan, Vice President Bush, and Secretary Shultz—an indication of the importance which we place on Prince Sadruddin's role and coordinated UN action. On June 14, I attended the first donors' meeting in New York, which was chaired by Prince Sadruddin.

Because Prince Sadruddin's office is in Geneva, we have appointed Ambassador Petrone, U.S. Permanent Representative to the UN offices in Geneva, to serve as his principal U.S. Government interlocutor with that office. As his work progresses, Prince Sadruddin is committed to provide frequent briefings to us and other donors on his planning and interaction with the various UN agencies.

Within the executive, we have also moved to organize ourselves so that we can administer the Afghan relief program in a coherent and effective manner. As always, major decisions will be taken by the President or Secretary Shultz or by Under Secretary Armacost as the Secretary's designee. I, of course, participate in the policymaking process. The additional role the Secretary recently asked me to undertake was to serve as coordinator of our Afghan policy, with particular emphasis on the followup to the Geneva accords. I have established an interagency working group, which meets every day, to help me with this complex task. In addition, Under Secretary Armacost chairs a weekly meeting to review all aspects of our Afghan policy. For the indefinite future, we will continue these daily and weekly meetings, monitoring the situation closely in Afghanistan and continuing close coordination and consultations within our own government and with Prince Sadruddin.

The UN Assistance Program

Prince Sadruddin has moved with record speed in developing a coordinated UN program. Less than a month after his appointment, the Secretary General was able to issue his appeal to donors and supply them with an outline (to be refined later) for the cooperative work of the various UN agencies. Other meetings will be scheduled after donors have had time to study the relevant documentation.

I am submitting to the committee a copy of the report [UN document SG/CONF. 3/1] distributed at that meeting, which you may wish to include in the record. The report provides an overview of the proposed relief and resettlement program, with details about the structure and phased sequencing in the various sectors of food, agriculture, irrigation, health, and in logistical backup. The report emphasizes that, as the refugees return home, the focus must be on immediate and basic support—e.g., providing food aid and agricultural supplies (seed and tools), repairing local irrigation canals, and delivering basic health care.

In its introduction, the report acknowledges that what is presented is "no more than the first outline of a picture"—a picture that will have to be refined in the coming months as more information becomes available and circumstances evolve. Even the estimated

total cost for the first phase of the program (approximately \$1.1 billion) is subject to revision.

Nonetheless, the underlying philosophy upon which the program is predicated will not change. The Administration supports that approach. As developed in the report, the program is based on these key principles.

Humanitarianism. The report explicitly states that the relief effort must be seen as being a humanitarian effort and notes that the Secretary General has clearly distinguished it from his political good offices.

Decentralization. The report states that it would be unrealistic to attempt a nationwide rehabilitation effort at the present time. Rather, program efforts will be focused at the regional level as conditions permit.

People to People. Aid will be channeled directly to the refugees as they return.

In summary, the report states that "the fundamental purpose of this programme is to link people back to their homes and engender self-reliance in order to avoid institutionalizing relief." We could not agree more.

There are basic principles that must underlie the UN effort to ensure the success of its program. The United States opposes UN financial assistance flowing through the Kabul regime. It must not be administered in a way that permits that illegitimate regime to enhance its political standing within the country. This position is firmly held by the United States. Secretary Shultz has emphasized this point on several occasions. I stressed the idea at the June 14 donors' meeting, insisting that "the UN assistance should be provided directly to the refugees and displaced persons as they return home, that the agencies involved must ensure that the aid indeed gets to the intended recipients and that humanitarian goals alone drive the effort." Other donors, such as Great Britain, the Federal Republic of Germany, and Japan, also voiced on that occasion their opposition to the Kabul regime obtaining any control over UN financial assistance.

Prince Sadruddin and other senior UN officials have assured us that they understand the strength of this shared concern and that they hold a similar view. We have made clear—and will continue to do so—that we will be watching this matter very closely.

Working with Prince Sadruddin, we are confident that the UN effort will be directed in ways supportive of the interests of the Afghan people.

U.S. Contributions

Let me now turn to our contribution and role in this relief effort. In fiscal year (FY) 1988, the United States budgeted \$119 million in humanitarian assistance to the Afghan refugees. Approximately \$49 million of this assistance goes through multilateral channels—specifically, the UN High Commissioner for Refugees and the World Food Program—to assist the more than 3 million refugees in Pakistan. The remainder, consisting of food and agricultural equipment, medicine and medical supplies, and educational training and materials, is provided bilaterally, primarily to people still within Afghanistan.

Not only does the bilateral program assist needy Afghans, it has encouraged them to remain in their country rather than fleeing to Pakistan and placing an additional burden on the Pakistani Government and people. Throughout the years of conflict in Afghanistan, Pakistan has earned the admiration of the world for its courageous stand against Soviet intimidation and the provision of refuge for millions of homeless Afghans. Our bilateral program, initiated with strong bipartisan congressional input and support, has been generously funded.

Despite budgetary constraints, we intend to maintain an overall level of bilateral and multilateral aid around \$119 million in FY 1989. We are also seeking—within existing funding—additional resources, particularly food aid to contribute to our Afghan assistance effort. We have recently identified for this fiscal year an additional 80,000 metric tons (MT) of wheat and 3 million MT of dried skim milk for the multilateral effort and 20,000 MT of wheat for our bilateral assistance—approximately \$23 million in food and transportation charges. Hence, our overall assistance for FY 1988 will total about \$142 million. Consistent with the agreement last fall with the Congress, however, we do not intend to seek a supplemental for Afghan assistance. Our continuing programs are consistent with, supportive of, and will be closely coordinated with the UN effort. As the refugees return home, an increasing proportion of our aid will follow them into Afghanistan.

We are encouraging other donors to contribute substantially to the Afghan assistance effort. In our appeals, we point out that we are by far the largest donor of humanitarian assistance to Afghans and that others should now assume a major share of the heavy burden as the refugees begin their return home.

We are making clear to the Soviet Union that it should make a major financial contribution to the special international assistance effort. It destroyed the country of Afghanistan; it is obligated to pay a major part of the bill to rebuild it. But its contribution to the United Nations must come without strings or any requirement that the funds be used to bolster the illegitimate Kabul regime. Soviet and UN officials understand our position clearly.

The U.S.S.R. should certainly assist in eliminating the danger to the refugees of the millions of mines Soviet and Kabul forces have sown across the roads and fields throughout most of Afghanistan. No humanitarian task is more important than the removal or destruction of these mines. They are a major obstacle to permitting the safe return of the refugees and allowing them to begin cultivating their land. We and the United Nations are pushing the Soviets to stop laying mines, remove the mines they can, and provide information on minefield locations so that any remaining mines can be removed quickly.

I mentioned at the onset my profound belief that the United Nations must lead the international community in meeting the challenge of the Afghan refugees. I am convinced it will succeed and, in doing so, help advance interests of major importance to the United States. There are legitimate grounds for criticizing some of the failings of the United Nations. I have done so when I believed such criticism was warranted, as have many Members of Congress. But, even as we seek to criticize constructively, we must not forget the indispensable work the United Nations does—work essential to global peace, stability, and development; work that benefits directly our national and international interests.

More specifically, the UN system is uniquely placed to lead the multinational effort to aid the Afghan refugees. It has the capacity to coordinate and pool resources. Contributions made in isolation by small nations with limited aid programs, for example, would

be much less effective and productive than when channeled through the UN system. The specialized agencies also have had decades of experience managing the various issues associated with major refugee programs (e.g., distributing food aid and providing health care). Finally, the United Nations can undertake refugee programs in countries such as Iran where individual nations cannot. For all these reasons, the UN effort on behalf of the Afghan refugees is important and should be supported.

Conclusion

In conclusion, the international community faces a major challenge. We will not relax our vigilance until the last

Soviet troops are gone, until all the refugees who want to return are able to do so, and until the proud Afghan people have established, through self-determination, a representative government that serves their needs and sustains their traditions.

Let me assure you that the Administration will work closely with other donors, the UN coordinator and UN agencies, and the Congress in this critically important endeavor. We will do our share to transform this challenge into an achievement.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Countering Terrorism: Successes and Failures

by L. Paul Bremer, III

Address before the Institute of International Education and the World Affairs Council in Denver on June 15, 1988. Ambassador Bremer is Ambassador at Large for Counter-Terrorism.

Public opinion polls show that terrorism is a major concern of the American people. In fact, many Americans rank terrorism as a greater threat than the spread of nuclear weapons. Our major newspapers give extensive coverage to terrorism, carrying a terrorism-related story practically every day of the year. A single terrorist attack can capture the headlines for weeks, as the recent hijacking of a Kuwait plane did.

Our government, too, places top priority on fighting terrorism. As we have developed our policies, we have looked closely at our successes and failures in the battle. I would like to discuss these with you today.

In general, there are four important areas which can be counted as successes: the international community has had notable—but not universal—success in pressuring terror-supporting states; most of Europe's domestic terrorist groups have been shattered; airline hijackings are at the lowest levels in history; and, perhaps most importantly, in country after country the rule of law is being extended to terrorists. There are also some areas where we need to do better. I'll discuss these, too.

Western Pressure on Terrorist States

One of the key factors in recent terrorism is the support some countries give to terrorist groups. Terrorists supported by a sovereign state are exceptionally dangerous. State support allows terrorists to spend more time on operations and less on logistics. And state support means terrorists have easy access to documents, money, weapons, and training facilities. That is why our government has developed a strategy to pressure states which support terrorists. This strategy has led to some of our important successes.

Until a few years ago, countries such as Libya and Syria spread terrorism throughout Europe, meeting little or no resistance. Some Western nations reacted defensively or simply allowed themselves to be intimidated by the terrorist bombings and murders. Others responded by trying to understand the "root causes" that motivated the terrorists. Still others offered the terrorists safe transit through their countries in return for promises by terrorists not to conduct attacks there. In contrast, for a number of years the United States unilaterally used economic and political pressures on Libya. But our repeated efforts to enlist the support of other countries failed. The uncoordinated efforts by the international community were unsuccessful.

Attitudes changed dramatically after the U.S. bombing of terrorist targets in Libya in April 1986. Our military strike demonstrated to Libya that the United States was serious about combatting terrorists and galvanized the West into action.

Europe responded by imposing economic sanctions against Libya and expelling over 100 Libyan so-called diplomats and businessmen. These actions disrupted Libya's terrorist network in Europe. As a result of our bombing and these European steps, Libya reduced its planning for terrorist acts. In all of 1987, we detected Libyan involvement in only five terrorist incidents. Qadhafi [Col. Muammer Qadhafi] has certainly not given up terrorism and in fact has become more active recently. But he is unable to practice it at the same levels as before.

Another success for concerted allied pressure happened when the nations of Europe and the United States worked together against Syrian support for terrorism. In November of 1986, after a British court proved that Syrian officials were involved in an attempt to plant a bomb aboard an El Al flight, Britain broke diplomatic relations with Syria; the United States recalled our ambassador; Germany expelled a number of Syrian diplomats; and the European Community halted arms sales, suspended high-level visits, and tightened accreditation for Syrian diplomats.

Once again, decisive action by allies resulted in less terrorism. Direct Syrian involvement in terrorism has declined significantly during the past 18 months. And last summer Syria expelled the notorious Abu Nidal terrorist group from its borders.

The lesson is clear: when Western nations act together against terrorism, the results can be significant. We can be proud of the cohesion we have achieved thus far.

Europe's Domestic Terrorist Groups

A second success has been the virtual elimination of several indigenous terrorist groups in Europe. The major force for these successes was public outrage among European citizens with the high level of indiscriminate terrorism. The political effect of this outrage was to force European politicians to put more resources into the fight. As a result, law enforcement capabilities were beefed up and brought to bear on European terrorist groups. The effect has been remarkable.

For example, Italy's Red Brigades, once the largest and most dangerous group in continental Europe, was the

U.S. Offers Reward for Terrorists

DEPARTMENT ANNOUNCEMENT, JUNE 30, 1988¹

The U.S. Government is announcing a reward of up to \$500,000 for information leading to the apprehension, effective prosecution, and punishment of those responsible for the assassination of U.S. Navy Capt. William Nordeen, Defense Attache to the U.S. Embassy in Athens. The U.S. Government has condemned this act of terrorism in the strongest possible terms. The murder of Capt. Nordeen was a senseless, brutal act.

Information received will be handled confidentially, and the identities of the informants will be protected. Those

with information should notify the nearest U.S. Embassy or Consulate.

The reward is part of the U.S. Government's counterterrorism program, which was authorized by the 1984 Act to Combat International Terrorism. This legislation empowers the U.S. Secretary of State to pay rewards for certain information regarding acts of international terrorism. Such rewards have been offered several times in the past. The amount of the reward will be determined by the value of the information received.

¹Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

target of a massive police effort following the kidnapping of General James Dozier in 1981. Italian police arrested hundreds of Red Brigade members and supporters, including the hardcore leadership. Over 400 Red Brigade members remain in jail. There has been a precipitous decline in the number of attacks. The Red Brigades has not attacked a foreign target since then. Although the group remains capable of carrying out terrorist attacks, its total current membership is the lowest since the group was formed in the late 1960s.

The French have enjoyed similar success against Action Direct, France's most dangerous indigenous group. In recent years Action Direct carried out a number of attacks, including the assassination of Renault president Georges Besse in 1986. The French authorities effectively decapitated the organization when they arrested the international wing's four leaders in a farmhouse in February 1987. Late in 1987, French police dealt the group a further blow when they arrested Max Frerot, the group's bomb expert and the last identified major figure at large. With these key leaders in jail, the group has been crippled and has not carried out an attack in over a year.

In Belgium, law enforcement and antiterrorism procedures were restructured to meet the threat posed by the Fighting Communist Cells, a Marxist terrorist group responsible for a widespread bombing campaign in Belgium. The group's leader, Pierre Carette, and three associates were arrested in De-

cember 1985. Since then the group has committed no act of terrorism.

Increased international cooperation has also contributed to some European successes. For more than a decade, the Spanish Government has faced a vicious wave of terrorism conducted by the Basque terrorist group, ETA [Basque Fatherland and Freedom]. The turning point in the battle came over the past year, when the Spanish put 12 ETA commando units out of action. Critical that success was cooperation from the French, who expelled over 100 suspected Basque terrorists, including several reputed top leaders in 1987. The cooperation continues. Last December, France and Spain announced the formation of permanent police liaison office to further strengthen antiterrorist cooperation.

These successes show what governments can do against homegrown terrorism when they assert political will and apply the necessary resources and money to the task.

Fewer Hijackings

In the early 1970s there were as many as 18 terrorist airline hijackings per year. Other words, we had a hijacking on average every 3 weeks. Barely was one incident over when another began. But last year, there was only one hijacking.

Three factors are responsible for the dramatic success.

- About 15 years ago the alarming increase in hijackings led to international conventions which classified air piracy a crime regardless of motive. The

conventions imposed an obligation on any nation which came to take the hijackers to bring the terrorists to justice. These realities have given countries an important tool in the fight against terrorism.

- Public concern over hijackings and loss of tourist revenue led many political leaders to devote increased attention and resources to airline security. Money was found for metal detectors, bomb sniffing dogs, and x-ray machines.

- With more people, money, and political backing, security officials began to produce results. In most airports the usual hijacking, where someone strolls aboard with a weapon, is a thing of the past. The few recent terrorist hijackings have been meticulously planned and carried out, often resorting to unusual tactics such as bypassing the terminal and seizing the plane from the tarmac.

While hijackings are not ended—we have already seen one bloody takeover this year—this dramatic improvement demonstrates what local diligence and concerted international cooperation can accomplish.

The Rule of Law

A final success in the fight against terrorism is the fact that terrorists are going to jail in record numbers. More and more individuals and governments are coming to realize that nothing justifies the deliberate targeting of noncombatants. Although the tired old cliché "one man's terrorist is another man's freedom fighter" still persists, many governments now recognize that terrorists are first and foremost criminals. This conceptual breakthrough has complemented the improved police procedures and expanded intelligence efforts, which result in arrests of terrorists.

As the change in perspective has taken hold, so has the rule of law. Terrorists who might have been quietly deported 10 years ago are being tried, convicted, and going to jail.

- Last year in Paris, the notorious terrorist Georges Ibrahim Abdallah received a life sentence for his role in the murders of a U.S. Army attaché and an Israeli diplomat.

- In a widely publicized trial in London in 1986, Nezar Hindawi was sentenced to 45 years for attempting to smuggle a bomb on board an El Al airline.

- In Austria, two Abu Nidal terrorists were given life sentences for murder and attempted murder during an attack on an El Al airline terminal in December 1985.

- A Canadian court sentenced to life imprisonment two Sikh terrorists who conspired to blow up a New York-to-London Air India flight in 1986.

In the United States, domestic terrorist groups have been actively prosecuted for years, and recently we have been able to prosecute international terrorists as well. A Lebanese terrorist named Fawaz Younis currently awaits trial in Washington, D.C., on hostage-taking charges arising from the hijacking of a Royal Jordanian Airlines flight in June 1985. FBI [Federal Bureau of Investigation] agents arrested this man in international waters and brought him to this country to face charges. This was the first time we used a newly authorized statute permitting arrests by the United States of terrorists abroad for acts committed against Americans. The United States has also assisted in the capture and prosecution of terrorists in many countries through the sharing of intelligence information and cooperation between law enforcement authorities.

When terrorism burst on the scene in the late 1960s, the West was ill-prepared to oppose it. Now, 20 years later, we have made considerable gains and have had significant success in all of these areas.

But the successes have not been constant and serious problems remain.

Iran and North Korea

Earlier I mentioned the importance of state support for terrorism and outlined the successes that cooperative efforts against Libya and Syria had brought. These successes were the result of firm international pressures on those terrorist supporting nations. But when there is no concerted multilateral effort, especially among the Western allies, support for terrorism continues. Iran and North Korea are cases in point.

The Government of Iran has practiced terrorism since it came to power 9 years ago. It has taken hostages, assassinated dissidents, disrupted the pilgrimages to Mecca, bombed embassies, sabotaged oil installations, and supported hijackings. Iran has used terrorism to intimidate Gulf rulers into ending their aid to Baghdad, to drive U.S. and French influence from the region, and to kill opponents of the regime.

Some nations have acted against Iran. The United States broke diplomatic relations in 1980, imposed export controls, banned Iranian imports, and took other measures to try to contain Iran's

support for terrorism. Other nations have taken similar though weaker steps. But no unified opposition exists, and Iranian terrorism is growing. Iranian-sponsored terrorism tripled from 1986 to 1987.

North Korea also sponsors terrorism without any significant punishment. It is responsible for the most flagrant terrorist attack last year, the mid-flight bombing of a Korean Air Lines flight that killed 115 persons. In 1983, North Korean commandos planted explosives in Rangoon, Burma, where South Korean officials were visiting; 17 were killed. In 1974 North Korean agents, attempting to assassinate then-president Park, shot and killed his wife in Seoul.

In response to these attacks, the United States designated North Korea as a state sponsor of terrorism and tightened visa procedures. But because our relations with North Korea are already minimal, our steps alone have little practical impact. Unfortunately, North Korea's savage behavior has not prompted world condemnation. The European Community condemned the bombing of Korean Air Lines as an act of terrorism but stopped short of naming North Korea specifically as the culprit. The Korean Air Lines attack was given a thorough hearing at the United Nations and the International Civil Aviation Organization, but North Korea faces no significant punitive measures that might persuade it to change its behavior.

So our government will continue encouraging the world community to keep a sharp focus on the issue of state-supported terrorism. That way we can be sure that the lessons of the past are applied to all state sponsors.

Aircraft Sabotage

Increased security measures and greater political will have dramatically reduced aircraft hijackings. But the very success of anti-hijacking measures seems to have spawned a new threat: sabotage to aircraft.

Unfortunately, the mid-air destruction of Korean Air Lines #858 is not an isolated episode. In 1986, Palestinian terrorists planted a bomb aboard TWA #840 which ruptured the fuselage. The resultant depressurization sucked a family of four Greek-Americans to their death as the plane descended into Athens. Had the bomb gone off at greater altitude it is likely that the entire plane would have been lost. In 1985, Sikh terrorists destroyed an Air India jumbo jet, killing all 329 passengers aboard. Cooperation between the FBI and the Royal Canadian

Mounted Police narrowly averted a similar bombing in 1986.

The United States is working to counter this new threat with research and development of new devices to screen checked and carry-on baggage and to detect batteries and liquid explosives hidden in luggage. The International Civil Aviation Organization directed its aviation security panel to develop concrete measures to prevent future acts of sabotage. They will be meeting next week in Montreal to discuss some proposals. But until better security measures are in place, we will continue to face the danger of aircraft sabotage and the resulting loss of life.

Hostage Taking

Nor can we claim success against hostage-taking. Hostage-taking is one terrorist tactic that still works. The allied unity that is apparent in other areas seems to fall apart when an individual, identifiable citizen is at risk. Countries which have been resolute elsewhere have too often made deals to gain the release of their citizens, gaining short-term relief at the cost of near-certain recurrence.

True, the Iran-*contra* affair hurt the credibility of the United States policy of remaining firm against hostage-taking. But we have admitted that mistakes were made, and there is no consideration now of making concessions to gain freedom for the hostages. Our policy is firm, resolute, and clear; we will talk to any country, any group, any individual about the safety and freedom of Americans held hostage. We will not, however, make concessions which would encourage future acts of terrorism.

Sadly, there are widespread reports that other countries, such as South Korea, Japan, France, and Germany, have made concessions. In several countries, corporations have paid ransom to terrorists who held their employees.

In short, hostage holding has been rewarded, and behavior rewarded is behavior repeated.

Conclusion

Last year, there were 832 international terrorist attacks worldwide, the highest number ever recorded. Current trends

indicate that 1988 may also be a record year for terrorism. In every region of the world, our statistics show increases.

The West has made an enormous effort to thwart terrorism. We have placed lots of attention on the problem of state sponsorship of terrorism. We have successfully pressured some states into reducing their support for terrorism. Domestic terrorist groups that once plagued Europe have been disbanded or severely curtailed. We have made airline hijackings a rare occurrence. We have applied the rule of law against terrorists and have locked up some of the most ruthless terrorists in the world.

But we cannot rest on our past successes. We must build on them and focus attention on the remaining problem areas. These include putting pressure on all states that use terrorism, such as Iran and North Korea; refusing to yield to terrorist demands; and remaining alert to new terrorist tactics such as airline sabotage.

The world can be a safer place in the future for the efforts we make today. ■

Developments in the UN System

by Richard S. Williamson

Statement before the Subcommittees on Human Rights and International Organizations and on International Operations of the House Foreign Affairs Committee on May 25, 1988. Ambassador Williamson is Assistant Secretary for International Organization Affairs.¹

I welcome the opportunity to report to you again on recent developments in the UN system. Since I last met with you in February, there have been a number of interesting events. Considering the fact that this used to be the quiet season in the United Nations, we have had a rather full plate.

Human Rights in Cuba

Not long after our last meeting, the Human Rights Commission in Geneva concluded its work with an important agreement to send an investigation team to look at the human rights situation in Cuba. This is an effort both the

Administration and the Congress worked very hard on, and we are extremely satisfied with the results.

The result goes well beyond anything envisioned in the resolution which we tabled in Geneva in February. It provides for a six-man team to visit Cuba this summer and, on the basis of that visit plus information obtained both inside and outside Cuba, to produce a report to be submitted to the Human Rights Commission next February. I want to emphasize how pleased we are with this outcome. An investigation of human rights in Cuba is long overdue.

The role of the Congress in this effort, including especially the visit to Geneva during the commission meeting by Chairman Fascell [Dante B. Fascell, chairman of the House Foreign Affairs Committee] and Congressman Broomfield [William S. Broomfield, ranking Republican member of the House Foreign Affairs Committee], was essential. It is now up to us to follow through to ensure that a fair and honest report is ultimately submitted.

Afghanistan

I do not need to go into great detail here about the very useful role played by the United Nations in the recent Geneva accords on Afghanistan. The United Nations showed that it can be extremely helpful in facilitating such an arrangement when all parties to a conflict are agreed on the need to bring it to an end. The United Nations will play a key role in the months ahead monitoring Soviet withdrawal and assisting returning refugees.

Iran-Iraq War

I wish that I could report as positively on UN efforts to resolve the Iran-Iraq war. Unfortunately, in that sad encounter the will to reach a settlement is still lacking. UN efforts to go beyond Security Council Resolution 598, which was passed last July, remain stymied. Those efforts will, however, continue.

Ethiopian Famine

There is another area that I want to highlight for you because it involves the lives of perhaps hundreds of thousands of people.

Last week I addressed the UN Economic and Social Council meeting in New York on the problem of Ethiopia. We are concerned that the present refusal of the Ethiopian Government to allow adequate distribution of food aid in the northern part of the country could lead to a major catastrophe. We intend to continue to speak out in UN fora in order to try to bring about a change in the intransigent policy of the Ethiopian Government.

This is an issue which still seems not to have captured the headlines, but it is one which needs our most careful scrutiny. Food supplies are available; the problem is a government more concerned with fighting an unwinnable civil war than with preventing thousands from dying of starvation.

Security Council Activities

Since last February, the Security Council has taken up a number of issues, including resolutions on the Falklands, Nicaragua, recent developments in the occupied territories of Gaza and the West Bank, and political assassination in Tunisia. The proliferation of resolutions taken to the Security Council is disturbing. While we, of course, retain our veto, there are times when exercising it can work against us. I think this is too often the case in Middle East and Central American issues, many of which, in our view, do not deserve the attention of the Security Council.

One recent accomplishment of the Security Council that is worth mentioning is the passage of a resolution condemning the use of chemical weapons. While naming no country specifically, this resolution was, of course, occasioned by the Iran-Iraq war, and its consensus passage by the Security Council is a welcome development.

Specialized Agencies' Activities

The period since February has been busy for the technical specialized agencies of the UN system.

The World Health Organization (WHO) Assembly has just concluded its annual session. Dr. Hiroshi Nakajima of Japan was elected as the new Director General of WHO, effective on July 21, and we look forward to developing a good working relationship with him.

Iran Accepts Security Council Resolution 598

DEPARTMENT STATEMENT, JULY 18, 1988¹

The United States welcomes Iran's formal acceptance of UN Security Council Resolution 598, as well as President Saddam Hussein's reaffirmation yesterday of Iraq's acceptance of the resolution. This major breakthrough is an important first step toward the outcome that we and all members of the Security Council have sought for the last year. It opens the way for the end of an 8-year tragic war and restoration of stability in a troubled region of the world.

We call upon Iran and Iraq to cooperate urgently with UN Secretary General Perez de Cuellar and the Security Council to ensure the earliest possible

implementation of Resolution 598 in all its aspects.

As Vice President Bush emphasized to the Security Council last week, the United States has long sought a just, negotiated settlement of the tragic conflict. Intensive efforts have been undertaken by the Administration over the past year to further this objective. The United States will continue to do all that it can, individually and in cooperation with like-minded governments and the United Nations, to hasten a durable peace between Iran and Iraq and to enhance the stability and security of the gulf region.

¹Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

We were able to announce at the assembly that the U.S. Government has completed payment of its 1987 assessed contribution, thanks to the decision on reprogramming the FY 1988 appropriation. As a result, the assembly agreed to reduce the 1988-89 budget by \$25 million which makes U.S. assessments \$6.25 million lower than they would be otherwise. We still owe WHO about \$17 million from 1985 and 1986.

The assembly also adopted constructive resolutions on AIDS [acquired immune deficiency syndrome], infant feeding, and pharmaceuticals; there was no effort to provide WHO with a regulatory role. Political issues were minimized.

The governing body of the International Labor Organization (ILO) began meeting this week and will be followed by the international labor conference in June. Issues include ILO financial difficulties resulting from U.S. arrearages, the perennial Soviet complaint about ILO's supervisory machinery, and a draft resolution by Arab states condemning Israeli practices in the occupied territories. We will be working actively with all concerned parties to assure constructive results on these issues.

The Economic and Social Council (ECOSOC) has just completed action on UN drug control activities. It decided to convene a plenipotentiary conference in Vienna, from November 25 to De-

cember 20, 1988, to complete and sign a new international convention against drug trafficking. We are very pleased that this final step will be taken this year, since it is the culmination of 3 years of negotiation. We strongly support this convention, which we expect will include many important new law enforcement measures to combat illicit drug trafficking.

The International Atomic Energy Agency (IAEA) Board of Governors met in February and will convene again in June. A key issue is the size of the 1989-90 program budget and, in particular, the Director General's proposal for an increase in the funding for the safeguards program. The board should make a decision on this in June.

South Africa indicated some time ago that it would begin consultations regarding its adherence to the Nuclear Nonproliferation Treaty. If no significant action occurs, there could be serious consideration of suspension of South Africa from the IAEA in September.

We saw in March the Senate ratification of the Montreal Protocol on Substances that Deplete the Ozone Layer, an agreement reached under the auspices of the UN Environment Program (UNEP).

In March the International Civil Aviation Organization (ICAO) passed a resolution condemning the "despicable"

destruction of Korean Air Lines #858 and "the loss of 115 innocent lives." The resolution initially was opposed strongly by the Soviet Union, Cuba, and, of course, North Korea, but when they saw that the text clearly would be approved, they dropped their opposition.

A special meeting held in March in Rome, under the auspices of the International Maritime Organization (IMO), saw international agreement on a new convention against terrorist acts involving passenger ships and ports.

All of these actions make clear the value of the specialized agencies in dealing with issues of great importance to the United States.

The UN Children's Fund (UNICEF) Executive Board held its annual meeting in New York for 2 weeks last month. Ms. Rita DiMartino led the seven-member U.S. delegation to this highly successful session. The board made a number of important decisions and passed resolutions on the survival, development, and protection of children and mothers in developing countries, including a strategy for helping in the fight against AIDS, laying the foundations for developing a strategy for children for the 1990s, strengthening primary health care in Africa, expanding programs for abandoned and street children in Latin America, strengthening UNICEF's policy of "adjustment with a human face" to ensure that structural adjustment policies take into account the basic needs of the most vulnerable groups (i.e., mothers and children), and further enhancing UNICEF's management and accounting procedures.

The UN Development Program's (UNDP) Governing Council will meet from June 6 to July 1. As usual most donor governments will be represented by the leadership of development agencies. The Administrator of the U.S. Agency for International Development (AID) will lead the U.S. delegation. A matter of special interest will be proposals of the UNDP administration to meet newly identified needs in Africa and to support economic reforms and structural adjustment programs. The council will also consider steps the UNDP is taking to improve the implementation of UNDP field programs, including the performance of other UN agencies as executors of UNDP programs, as well as exploring specific means of improving the coherence of system-wide UN operational activities for development at the field level.

The Food and Agriculture Organization (FAO) has just concluded joint meetings of the Program and Finance Committees in Rome this week. Those sessions provided an important occasion for member-state representatives to address needed reform of the FAO. The United States was represented on the Finance Committee.

We, like the majority of the major donors to the FAO and other member states, have been concerned about the need for reform of this important international agency. It is an organization whose work we value, whether in terms of its efforts to alleviate hunger in developing nations or in terms of its direct importance to the U.S. agricultural community. Preliminary reports indicate that the joint session has acted favorably on issues important to the United States. We look forward to receiving full reports from our mission and from other capitals. As members of the committee know, the FAO had stood out over the last year as the one specialized agency in the UN system that had not responded fully to proposals for program budget reform. On that basis, the executive branch had decided to defer payment to the FAO.

Future Problems and Difficulties

We continue to face important and difficult problems in the United Nations. We have been subjected to a good deal of criticism for our effort to close the Palestine Liberation Organization (PLO) mission in New York, pursuant to legislation passed last summer. The World Court has called for international arbitration. The General Assembly voted 148 to 2 to deplore our action. This issue is in the U.S. courts, and we will continue to insist that that is where it should rightly be resolved.

We have come unsuccessfully to the end of a year-long very extensive exercise on reform of the economic and social areas of the United Nations. The exercise was undertaken as a result of the G-18 report on UN reform and UN General Assembly Resolution 41/213 on UN reform. Western interest in this effort sought to make the existing system work better by eliminating large areas of duplication and waste.

By contrast the developing countries and others viewed the exercise as an opportunity to expand the mandate of the United Nations in the international economic arena. We hope to see renewed efforts on reform sometime in the future. There is real need to im-

prove upon the way the United Nations deals with economic and social issues.

Finally there is the matter of U.S. funding of the UN system. The President has determined that five of the six major UN specialized agencies have complied with budget reform requirements, and we are proceeding to distribute reprogrammed funding to these institutions. As you know, we have set aside \$44 million to pay the United Nations for part of our outstanding 1987 assessment, pending a presidential determination that congressional requirements on budget reform, personnel reductions, and secondment of UN personnel have been met. Ambassador Walters [U.S. Permanent Representative to the UN] and I continue to work on these issues.

With the budget summit compromise, we are no longer in a position to request the full appropriation of our assessed contribution to the United Nations and many of the specialized agencies. We face a very complex and difficult funding situation for FY 1989 and the years ahead. Without the ability to request full funding, our efforts to bring about real and much needed UN reform are seriously hampered. There is no simple way of dealing with this issue, but we are looking at various possibilities.

Many of the issues I have mentioned here remain on our plate—Iran, Iraq, the PLO mission, implementation of the Afghan accords, budgetary questions. They are often complicated matters with no easy answers. As we continue to work on them, I hope we will have many more opportunities like this to exchange views and ideas with the Congress.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

The United Nations and Disarmament

by Richard S. Williamson

Statement before Working Group II of the third UN Special Session on Disarmament in New York City on June 7, 1988. Ambassador Williamson is Assistant Secretary for International Organization Affairs and U.S. Alternate Representative to the special session.¹

Let me begin by congratulating you Permanent Representative Paul Engo (from the Republic of Cameroon) on the assumption of the chairmanship of this important working group, which deals with a subject—namely UN disarmament machinery—which is of particular interest to my delegation in the context of the ongoing UN reform efforts. I would note that this agenda item has been the subject of discussion in a working group which you yourself have chaired at the UN Disarmament Commission (UNDC) in recent years. I am confident that your able stewardship of that group will serve you well as you guide the deliberations of the present working group.

I wish to preface my remarks with the observation that the work of this special session should be viewed in the broader context of overall international relations. The primary objective of the United Nations, as stated in its Charter, is to maintain international security and peace. In pursuing our work here, as in other UN bodies, we must keep this objective firmly in mind; and in considering proposals related to disarmament, we must weigh them against this objective. We also must work to ensure that all of our efforts support another fundamental principle of the United Nations—namely, freedom.

Security, freedom, and peace must be our watchwords. That is why the United States cannot subscribe to the notion that arms control and disarmament agreements should be pursued merely for the sake of agreement. Rather, in our view, arms control and disarmament agreements must make sense only to the degree that they make a realistic contribution to a more secure, free, and peaceful world. Arms are the symptom, not the cause, of distrust and tension. Agreements to limit and reduce the level of armaments are useful when they can help to reduce

distrust and tension, which lie at the root of all conflicts, but such agreements cannot do the job alone. Real arms control, applying to all nations, will be feasible only when the causes of distrust and tension are addressed and resolved.

Accomplishments

For its part, the United States has been engaged in a broad range of activities—bilateral and multilateral—aimed at promoting enhanced security, freedom, and peace for all nations. We are proud of our record and take satisfaction in the solid accomplishments we have achieved thus far, for these should serve as an example for the rest of the world.

In the bilateral field, the INF [Intermediate-Range Nuclear Forces] Treaty stands as the first agreement in history to provide for the actual reduction of nuclear weapons by eliminating an entire class of such weapons, and contains unprecedented, stringent verification provisions which can serve as the model for future agreements. We are continuing negotiations with the Soviet Union toward an agreement on strategic nuclear weapons which could lead to far more substantial reductions, and we are pursuing exchanges on nuclear testing through a step-by-step approach to resolve verification concerns to make possible the ratification of existing treaties.

But our efforts have not been confined to the bilateral sphere. The United States has been an active participant in a wide range of multilateral arms control and disarmament negotiations. We played a leading role, for example, at the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe, which reached agreement in September 1986 on specific measures to reduce the risk of war in Europe as a result of miscalculation or misunderstanding. Similarly, the United States has been energetic in the talks in Vienna, which we hope will lead to a negotiation between the member states of NATO and the Warsaw Pact on conventional arms control in Europe from the Atlantic to the Urals.

Finally, I hardly need to remind the delegates of the leading role we have exercised at the Geneva Conference on Disarmament (CD) in the negotiations for a comprehensive, effectively verifiable and truly global ban on chemical weapons. These negotiations are proceeding on the basis of a U.S. draft treaty text which was introduced by Vice President Bush to the CD in 1984. In the intervening years, the negotiations have increasingly focused on the tough issues, particularly effective verification. Much work remains to be done to overcome the substantial obstacles which remain. We will need to deal realistically with these issues and ensure that any agreement that is reached accords with our primary objective of security, freedom, and peace.

This solid record, which speaks for itself, stands in rather sharp contrast with the situation which prevails elsewhere in the world. Most of the initiatives I have just cited fall within the East-West and/or European context. Yet, it is appropriate to note that, in the decades since the end of World War II, the conflicts which have ravaged the world and sapped its human and material resources have taken place in regions outside this arena—in Africa, Asia, and Latin America.

There have been scores of such conflicts, which have exacted a staggering toll of casualties. Probably the most destructive and protracted regional conflict of recent times is the ongoing war between Iran and Iraq. It has been estimated that, in the nearly 8 years since this war erupted, several hundred thousand people have been killed. The war between Iran and Iraq also highlights several of the most disturbing recent trends in regional conflicts: the increasing sophistication and deadliness of modern conventional weapons and the resort to chemical weapons.

Thus, it is fair to ask: What are other countries, of other regions, doing concretely to contribute to a more secure, free, and peaceful world? What steps have regional groups and individual states outside Europe taken to reduce tensions and remove the sources of conflict? Other regions of the globe have been subjected to the destabilization and human losses caused by local conflict, but what have the states of those regions done to reduce tensions and the likelihood of conflict?

The answer is: in many regions, far too little. The United States is doing its part in cooperation with its allies and friends, but other countries need to do theirs. All nations should acknowledge and assume their share of responsibility for maintaining peace and security within their respective regions through such activities as confidence-building measures and reductions in their arsenals of conventional weapons. This is a challenge which deserves the full attention of all participants at this special session.

The maintenance of international peace and security is the primary purpose of the United Nations, according to the Charter. The organization can play, and does play, a constructive role in this vital endeavor in a variety of ways. For example, the Security Council's efforts over the decades in peace-keeping operations and the resolution of regional conflicts have made contributions to promoting peace and security in many parts of the world.

Outside its main organs, there are components of the UN system which also contribute to a more secure world. Based on my own experience, I would particularly cite the work of the International Atomic Energy Agency (IAEA) in safeguarding the international nonproliferation regime under the Non-Proliferation Treaty as an important example of the multilateral cooperation in this regard. During my years as U.S. Representative to the IAEA, I was pleased and proud to contribute to that agency's efforts to promote the safe and peaceful uses of nuclear energy and to ensure that nuclear materials are used for strictly peaceful purposes.

Questionable UN Activities

At the same time, however, there are instances of UN activities—especially in the field of arms control and disarmament—which make only a marginal or even negative contribution to a more secure, free, and peaceful world. Over the years, the United Nations has accumulated an elaborate—some would say excessive—structure of activities and mechanisms ostensibly designed to promote and encourage the arms control and disarmament process. Yet, by its very nature, this structure has become unwieldy and, at times, detrimental to improving the climate for negotiations.

For example, every fall the First Committee of the General Assembly routinely considers and adopts literally

scores of resolutions on subjects ranging from the so-called urgent need for a comprehensive nuclear test-ban treaty to the importance of multilateral negotiations at the CD to prevent an arms race in outer space. Not only is there a surplus in the number of such resolutions but there is also a surfeit of unrealistic, hyperbolic formulations in their texts.

The United States endorses and supports the various proposals which have been made to rationalize the work of the First Committee by such devices as confining its consideration of individual agenda items to alternate years. We will continue to promote such proposals, but, more to the point, we would hope that member states would exercise greater restraint in the language of the resolutions which they introduce. Rhetorical, polemical texts on the so-called urgent need for a comprehensive test ban, for example, are hardly conducive to the climate affecting the serious negotiations now underway between the United States and the Soviet Union on nuclear testing issues.

The plethora of resolutions considered annually by the First Committee leads me to my final point, which directly relates to the deliberations of this working group: at a time of continuing financial crisis over the organization, the UN machinery in the field of disarmament needs to be rationalized, streamlined, and made more cost effective. My delegation applauds the welcome first steps toward this end, such as the proposals which have been made in the UNDC working group over which you have presided, Mr. Chairman, and the adoption last year of Resolution 42/42N entitled "Rationalization of the work of the First Committee." We hope and expect that, consistent with the request of that resolution, the committee will implement the recommendations contained therein at the 43d General Assembly.

Room for Further Improvement

But more needs to be done. For example, one cost-saving measure would be for the First Committee and the Disarmament Commission to adopt the practice of summary records rather than verbatim records. Consideration should also be given to adjourning those UN subsidiary bodies which have failed to achieve substantive progress. I note that such a step has already been taken in the case of the Ad Hoc Committee on the World Disarmament Conference.

During the course of this working group's deliberations, my delegation will offer other ideas.

Consistent with our views on the need to streamline the disarmament machinery, the United States does not perceive any need to create new, duplicative UN mechanisms in this field. We are aware of proposals from some member states for the establishment of new organs, such as a UN verification mechanism and an international outer space inspectorate. I wish to reiterate that my delegation will continue to oppose such proposals on both financial and, more importantly, substantive grounds.

We also are aware of proposals by some states that certain components of the UN system which have heretofore not played a role in disarmament should be accorded such a role. The United States believes that we already have sufficient UN bodies to consider the broad agenda of arms control and disarmament, as manifested in this special session, for example. To accord a role in disarmament matters to other bodies would diffuse the overall focus of discussion. This would be a prescription for failure.

The U.S. delegation approaches the work of this working group, and of this special session overall, in a positive and constructive spirit. We trust that all other delegations will adopt a similar approach. For, if our work here is to contribute to a more constructive atmosphere for the conduct of arms control and disarmament negotiations, we must be realistic and avoid divisive proposals and overly ambitious concepts which clearly are not susceptible to consensus. We must recognize that while the General Assembly provides the central forum for deliberations, at which all member states are able to express their particular concerns about arms control and disarmament, the conduct of negotiations lies outside our purview but can be, and is, influenced by what we accomplish here. Whether the outcome of this special session contributes to the international environment in which further agreements can be reached and implemented will largely depend upon a realistic and reasonable approach by all of us assembled here. ■

Advancing U.S. Objectives in the United Nations

by Richard S. Williamson

*Address before the Council of
Washington Representatives on the
United Nations on June 21, 1988. Am-
bassador Williamson is Assistant Sec-
retary for International Organization
Affairs.*

For many Americans the United Nations has become a focal point of our great dissatisfaction, frustration, and bitterness over what the postwar world is become. The United Nations was created under America's leadership with the hope that a future world order could emerge in which the old colonial empires would develop into independent sovereign nation states which treated each other as equals. Just as Americans conduct themselves in their political affairs civilly and peacefully and according to the rule of law, it was hoped that the new countries would respect the injunction contained in the UN Charter to refrain from aggressive acts against one another.

Since the United Nations was founded, over 20 million people have been killed in well over 100 wars around the world. Today regional conflicts rage in the Middle East, Central America, Asia, Africa—each a tinderbox that could blaze out of control.

Once seen as man's last, best hope for international order and peace, the United Nations has fallen into severe disrepute among many Americans. Critics have pointed out many legitimate problems. Far from being just ineffectual or an expensive Turkish bath, they charge that the UN General Assembly (UNGA) exacerbates the world's problems by forcing nations to take positions on many matters on which they otherwise could avoid entanglements. Critics charge that the United Nations is rife with double standards. And many feel the United Nations is hostile to our values and interests.

Or as William F. Buckley has observed: "Obviously, our country at-

taches importance to the values and ideas of the United Nations. The question is whether the United Nations attaches any importance to the values and ideas of the United Nations."

The fact is that member states in the United Nations have greatly politicized this important body—politicized it in ways that harm the United Nations and certainly do no credit to the member states themselves. The 1975 UNGA resolution branding Zionism as racism is a disgrace. It is absurd. It damages efforts to bring peace to the Middle East. It properly brings discredit to the United Nations.

The double standards in the United Nations, especially on human rights, undermine the United Nation's moral authority and, some would say, its legitimacy. Name calling—while less—still persists in the United Nations. This, too, is unacceptable.

The fact is that the member states in the United Nations have supported, and for too long allowed to flourish, mismanagement and inefficiency. As the United Nation's largest financial contributor by far—nearly \$900 million this year in assessed and voluntary contributions paid by the U.S. Government—this is cause for profound concern.

Having pointed out some of these serious problems in the United Nations—problems the United States must diligently and forcefully seek to correct—let me now say categorically that the United Nations matters. It is important. It is important to the world community, and it is important to the United States.

The UN Charter reflects our fundamental beliefs, our basic values, and our aspirations for mankind. Further, the United Nations, in many of its activities, indeed does advance U.S. interests.

- At the International Atomic Energy Agency (IAEA), invaluable and near irreplaceable work is done on nuclear nonproliferation, assurance of supply, and nuclear safety. The IAEA responded fully and constructively to the Soviet nuclear accident at Cher-

nobyl, helping to analyze the causes of the accident, contain the fallout, and draft international conventions to deal with future nuclear accidents.

- The World Health Organization (WHO) led the fight to eradicate smallpox. And today at WHO, international research on the AIDS [acquired immune deficiency syndrome] crisis is coordinated and advanced.

- At the UN Fund for Drug Abuse Control, programs to battle illicit drugs through crop eradication and substitution are advanced. New international conventions to strengthen legal sanctions and enhance cooperation to fight illegal drug traffic are moving rapidly toward ratification within the United Nations.

- The International Civil Aviation Organization promotes higher standards for aviation safety, as well as more effective aviation and airport security against international terrorism.

- The World Meteorological Organization coordinates global weather reporting and forecasting.

At these and other specialized agencies of the UN system, important work goes on every day. And while there are continuing efforts by some member states to politicize these bodies, generally such assaults have failed. Further, notwithstanding its serious faults, the General Assembly and the Security Council can—at times—effectively advance U.S. interests.

We see this today with the situation in Afghanistan. The General Assembly condemned the illegal occupation of Afghanistan—repeatedly. World attention focused on the issue, and pressure built for a remedy. Simultaneously, the Secretary General's personal representative, Under Secretary Diego Cordovez, worked to find a political solution. Now, the United Nations is not the cause for the present Soviet troop withdrawal. Events on the ground in Afghanistan and events and decisions in Moscow dictated the withdrawal. Nonetheless, the United Nations made a contribution. The United Nations helped facilitate the implementation of

the political decision. The United Nations continues this role. And this is important.

The United Nations has a critically important role to play in the return of over 5 million refugees, assisting over 1 million displaced persons within Afghanistan, and reconstruction of a countryside devastated by nearly 9 years of brutal Soviet occupation. The demands for expertise, experience, and finance compel an international response to this problem, to which the United Nations and its technical and development agencies can provide special leadership. The United Nations has the capacity to coordinate and pool resources. Its agencies have the experience of managing major refugee programs. It can operate in areas where other individual countries may be unable to.

We are delighted the Secretary General has appointed Prince Sadruddin Aga Khan as UN coordinator for this effort. As President Reagan told the Prince last week at an Oval Office meeting, the U.S. Government wants to work closely, in full cooperation in this effort, with him and with the United Nations.

Prince Sadruddin has moved with record speed in developing a coordinated UN program. At a meeting to provide donors with information recently held in New York, Sadruddin provided an overview of his proposed program. It will be focused primarily on relief and resettlement of Afghan refugees and displaced persons, providing them with food, agricultural supplies, irrigation, and health care. Most importantly, the program will be decentralized and geared to provide assistance directly to the Afghan people rather than channeled through the illegitimate Kabul regime.

Further, the United States must recognize that the world has become more multifaceted, and individual national economies, including America's, have become more interdependent on the global economy. Newer nation states, developing countries, can have a major impact on our vital interests: economic prosperity, war, and peace. As sovereign nations they deserve our respect. We must seek to understand their interests and aspirations.

The Soviet Union remains our primary adversary: the East-West debate properly is the dominant diplomatic concern of the United States. Yet the

East-West debate cannot be our only concern or bilateral relations our sole effective means of diplomacy.

With increasing frequency we should seek multilateral solutions. We must seek creative solutions for North-South as well as East-West issues. And to advance U.S. vital interests, we must work with developing countries. There are a variety of multilateral forums in the world today where such cooperation should be sought. And it is the United Nations which remains the primary multilateral arena. The United States must show proper respect for developing countries' highest concerns in their preferred diplomatic forum: the United Nations.

President Reagan has addressed the United Nations six times—more than any of his predecessors. In Dr. Jeane Kirkpatrick and Gen. Vernon Walters, President Reagan sent distinguished and very able ambassadors to New York to advance U.S. interests in the United Nations. Their selections reflected the importance Ronald Reagan placed on the United Nations and his commitment to improve it.

Ambassador Kirkpatrick took the "Kick Me" sign off the U.S. delegation. Her forceful eloquence advanced the U.S. agenda. In the United Nations, name calling has all but stopped. Efforts to delegitimize Israel unfortunately continue, but the momentum to challenge Israeli credentials within the United Nations and its specialized agencies has been reversed.

Following a 2-year campaign led by Ambassador Walters and the United States, this past March, the UN Human Rights Commission took a major step to correct the cynicism, hypocrisy, and double standards of the United Nations in the field of human rights. For years, Cuba has been the worst UN member of all in violating its citizens' human rights. Nonetheless, it remained free from careful scrutiny by the United Nations. This year, the United States succeeded in achieving a consensus decision at the UN Human Rights Commission to launch an investigation into Cuba's human rights abuses. Already Castro has begun to free some political prisoners, improve prison conditions, and allow greater religious freedom.

In 1986, under the able leadership of U.S. Permanent Representative to the United Nations Vernon Walters and of Ambassadors Keyes [former U.S. Representative to the Economic and Social Council] and Sorzano [former Deputy Permanent Representative to the United Nations], the UN reform effort really took off.

The U.S. efforts succeeded in the establishment of a "Group of 18 Governmental Experts" to look at the need for budget and program reform in the United Nations. The Group of 18 proposed some sweeping measures affecting personnel reductions, budgeting, consensus, and the need to establish program priorities. The United States worked tirelessly with other major donors to advance these proposals, both in the United Nations and in UN specialized agencies. Most of the specialized agencies now have adopted significant aspects of these reform proposals. The UN members are teetering on the brink of implementing these proposals, but whether the UN membership has the political will to fully implement these needed reforms is still an open question. U.S. resolute leadership during the rest of this Administration and the next will be necessary to achieve the reforms required to make the United Nations budgetarily responsible and programatically effective.

The Group of 18 recommendations are extremely important, not only because they offer hope for improved management and a rational budget process but just as critical, perhaps more so, because the CPC [Committee on Program Coordination] consensus decisionmaking offers hope that the importance of consensus decisionmaking can be relearned in the UN General Assembly.

The force and effectiveness of the United Nations lies in consensus, not polarization. The contentious balkanization within the United Nations today, driven in large part by regional blocs, hurts the institution and thwarts its potential effectiveness.

Some charge that the Reagan Administration has been too tough-minded toward the United Nations. But the facts speak for themselves. We are no longer in retreat within the United Nations. Thanks in large part to forceful

ersistent, clear-headed U.S. leadership, the United Nations is a better place today than it was 8 years ago.

The United Nations is still an institution with serious flaws—a forum of great frustration for us. But it also is a forum of opportunity for us. The United Nations matters. It matters a great deal to us. We must dedicate ourselves to working constructively in the United Nations to advance U.S. interests, and to help us achieve those interests, to advance UN reform. ■

Reciprocal Expulsion of Nicaraguan Diplomats

DEPARTMENT STATEMENT,
JULY 12, 1988¹

This afternoon the Under Secretary for Political Affairs, Mr. Michael H. Armacost, advised Nicaraguan Ambassador Carlos Tunnermann that his continued presence in the United States, as well as that of Mr. Manuel Cordero, Mrs. Sofia Clark D'Escoto, Mr. Orlando Martin Vega Gutierrez, Mrs. Zelmira L. Garcia, Mr. Angel R. Arce, Maj. Pedro Sampson Mendoza (Military Attache), and Mrs. Maureen Sampson, was no longer acceptable to the Government of the United States. Both Ambassador Tunnermann and Maj. Sampson have engaged in activities that constitute an abuse of their privileges of residence in the United States. All eight have been ordered to leave the country within 72 hours.

We are considering other measures which may be necessary in the light of Nicaragua's unwarranted action of expelling U.S. diplomats for engaging in normal diplomatic activities. The false charges made by Sandinista Foreign Minister Miguel D'Escoto that [U.S.] Ambassador Melton and the members of our Embassy have engaged in purported criminal acts and that the Administration is guilty of "crimes against humanity" are not worthy of comment.

This latest Sandinista action is not only directed at the United States; it is a calculated threat directed to the Nicaraguan people. It follows a virulent propaganda campaign directed at subduing and intimidating the people of Nicaragua and suppressing any dissent.

At Esquipulas, San Jose, and Sapoa, the Sandinista regime solemnly pledged to implement measures to bring true democracy and authentic national reconciliation to Nicaragua. They have acted instead to imprison and to intimidate those who would dissent.

On the same day that our Ambassador was being expelled, *Radio Catolica* was again shut down indefinitely for unspecified violations of a Sandinista media law. The independent newspaper, *La Prensa*, was silenced by the Interior Ministry for 15 days. Only a day before, 43 members of the civic opposition were imprisoned, and an unknown number of peaceful marchers

were attacked, beaten, and injured by Sandinista police in the small town of Nandaime. Since the signing of the Esquipulas accord on August 7, 1987, there have been almost daily violations by the Sandinistas of their commitments.

It is now time for the signatories of the Esquipulas accord to carefully consider the purpose and value of Sandinista pledges in light of the clear, calculated, and unequivocal pattern of Sandinista actions which violate both the spirit and the letter of these commitments.

AMBASSADOR MC CORMACK'S
REMARKS,
OAS PERMANENT COUNCIL,
JULY 14, 1988²

For the first time in the history of this organization, the United States, as host country, had reason to invoke its rights under Article 3 of the March 20, 1975, Agreement Related to Privileges and Immunities between the United States and the Organization of American States to request the departure of diplomats accredited to the Organization of American States (OAS) in light of their abuse of their privilege of residence in the United States.

Article 3 reads as follows:

In case of abuse of the privileges of residence in the United States by any person enjoying diplomatic privileges and immunities under the foregoing articles, the said privileges and immunities shall not be construed to grant exemption from the laws and regulations of the United States regarding the continued residence of aliens. However, no such person shall be required to leave the country otherwise than in accordance with the customary procedure applicable to diplomatic envoys accredited to the Government of the United States.

The agreement was, of course, signed by all OAS member governments.

Mindful of our obligations as the host country, the U.S. delegation wishes to present the following information to the Permanent Council.

On July 12, I was instructed to deliver the following note to the chairman of the Permanent Council and the Assistant Secretary General in charge of the General Secretariat:

No. 52-A

Excellency:

On behalf of the Government of the United States of America, I am instructed to refer to the March 20, 1975, Agreement Related to Privileges and Immunities between the United States and the Organization of American States and the continued presence in the United States of the Permanent Representative of the Republic of Nicaragua, Ambassador Carlos Tunnermann, and of Major Pedro Sampson, Military Attache and Adviser to the Permanent Mission of Nicaragua to the Organization of American States. Today, my Government informed Ambassador Tunnermann that, in light of their activities and actions which constitute abuse of their privileges of residence in the United States, their presence in this country is no longer acceptable to the Government of the United States of America. They have been requested to arrange for their departure from the United States within seventy-two hours of 5:30 p.m., July 12, 1988.

Accept, Excellency, the renewed assurances of my highest consideration.

Sincerely,

Richard T. McCormack
Ambassador
Permanent Representative

On the afternoon of July 12, Under Secretary of State Michael Armacost informed Ambassador Tunnermann that his continued presence in the United States, as well as that of Maj. Pedro Sampson Mendoza, a military attache and adviser to the Permanent Mission of Nicaragua to the OAS, were no longer acceptable to the United States of America. Under Secretary Armacost also advised Ambassador Tunnermann that the presence of six Nicaraguan diplomats accredited to the United States was no longer acceptable to the United States and requested him to arrange for the departure of all eight diplomats within 72 hours. Ambassador Tunnermann was given two diplomatic notes which confirmed the decision of the United States: one in his capacity as the Nicaraguan Permanent Representative to the OAS and the other in his capacity as Ambassador of Nicaragua to the United States.

The United States is committed to carrying out its obligations under the Charter as host country to the Organization of American States, its officers and employees, and the accredited representatives of its member states. In return, OAS missions and members of the General Secretariat are obliged not to abuse their privilege of residence through their conduct in the host country.

Certain activities and actions of Ambassador Tunnermann and Maj. Sampson while serving in a diplomatic mission located in the United States constitute an abuse of their privilege of residence in the United States under the March 20, 1975, Agreement Related to Privileges and Immunities between the United States of America and the Organization of American States.

The Organization of American States can take pride in the fact that the United States has never before had any reason to use its legal authority to take actions against diplomats accredited to the OAS for abuse of their privilege of residence in the United States. Nonetheless, in the rare cases of those who do abuse their privilege of residence, the United States has the legal authority to protect its sovereignty and inherent rights as host country by taking appropriate action, based upon Article 3 of the March 20, 1975, Agreement Related to Privileges and Immunities between the United States and the Organization of American States. I should note that in the UN context, the United States has been forced to invoke this principle some two dozen times.

Some have asked why the United States waited until its Ambassador and diplomats in Managua were expelled by the Nicaraguan Government to order the departure of Ambassador Tunnermann and Maj. Sampson for abuses of their privilege of residence.

Prior to the events of this week, the United States had information on which to base its request for their departure. Nevertheless, in the spirit of the Esquipulas agreement, we deferred action in order to avoid giving the Nicaraguan Government a pretext for taking the kinds of actions it perpetrated this week in expelling our own Ambassador.

It was important to have an ambassador and a functioning embassy in Managua. Obviously, Nicaragua's actions against our diplomats in Nicaragua and against the Nicaraguans who dare to speak out against repression of democracy and human rights in Nicaragua have removed the basis for such restraint on the part of the United States.

On July 11, without provocation, the Nicaraguan Government expelled the U.S. Ambassador and seven other embassy officers from Nicaragua for engaging in normal diplomatic activities. The embassy was in contact

with major political groups, including the opposition, in Nicaragua as are foreign embassies everywhere, including in the United States. The Sandinista government's charges against our Ambassador and his staff are patently false and ridiculous.

These Sandinista actions are not directed only against the United States; they are calculated efforts to subdue, isolate, and intimidate the Nicaraguan people. We are outraged that the Sandinista government has, once again, sought to turn its internal conflict with the Nicaraguan people into a bilateral issue with the United States.

The recent actions of the Sandinista government demonstrate its determination to repress internal dissent at all costs, including the violation of both the letter and the spirit of the Esquipulas accord. It is time for the member states to consider the purpose and value of the Nicaraguan Government's pledges in light of its clear, consistent, and calculated pattern of violations of its commitments to the Organization of American States, to the Central American democracies, and to its own people.

Allow me to cite some of the actions the Nicaraguan Government has taken against its own people during the last few days.

On July 11, the day that our Ambassador to Nicaragua was being expelled, *Radio Catolica* was shut down indefinitely for unspecified violations of a Sandinista media censorship law. Apparently, *Radio Catolica* was told that it had been closed for broadcasting "tendentious information that was false" on July 10-11. We understand that the only news broadcast by *Radio Catolica* during that period was a pre-conference given on July 10 by Cardinal Obando y Bravo.

Is the Nicaraguan Government attempting to censor the statements of the Cardinal who is not only the President of the Episcopal Conference of Nicaragua but who is also chairman of Nicaragua's National Reconciliation Commission and the cochairman of the Verification Commission of the Sapo agreement?

On the same day, the independent newspaper, *La Prensa*, was silenced by the Ministry of the Interior for 15 days. This action followed a vicious campaign carried on by the government-controlled media to defame the owner of *La Prensa*, Mrs. Violeta Chamorro, as a "war criminal."

Does this represent the Nicaraguan government's compliance with its pledges under the Esquipulas accord and the Sapoa agreement to guarantee freedom of the press?

On July 10, thousands of Nicaraguans took part in a peaceful demonstration coordinated by the civic position in the small town of Nandime. Forty-three demonstrators, who were members of the democratic opposition, were imprisoned, and an unknown number of peaceful marchers were brutally attacked and beaten by the Sandinista police. Four arrested leaders were each "sentenced" to 6 months in jail, not by the courts but by the police. Yesterday, the Sandinista government arrested Roger Guevara, Secretary General of the Democratic Coordinator, the coalition of opposition independent unions that organized the demonstration.

Is this the way the Sandinista government complies with its commitments under the Arias plan and the American Convention on Human Rights to guarantee freedom of association, freedom of expression, and freedom of assembly?

On the night of July 3, having illegally entered his home at 2:00 o'clock the morning, Sandinista police shot and killed Carlos Garcia, a leader of the independent labor confederation, *Central Unificado de Sindicatos*.

Is this the due process to which the Nicaraguan Government committed itself under the American Convention on Human Rights and under its own constitution?

During the last negotiations under the Sapoa agreement in June, Defense Minister Ortega threatened the lives of a resistance delegation if they did not sign the Sandinista government's proposed agreement. These threats were uttered in the presence of the two witnesses, [OAS] Secretary General Baena Pabes and Cardinal Obando y Bravo.

Is this the spirit of national reconciliation to which the Nicaraguan Government is pledged under the Esquipulas accord and the Sapoa agreement?

With the nationalization of Nicaragua's largest private sugar mill yesterday, the Sandinista government has sent unequivocal messages of intimidation to all of the independent sectors of Nicaraguan society: the church, the opposition parties, the media, the free trade unions, and the private sector.

Is this the way that the Nicaraguan Government implements its commitment to establish a pluralistic society?

Nicaraguan Peace Negotiations

WHITE HOUSE STATEMENT, JUNE 10, 1988¹

The President is disappointed at the Sandinista rejection of the Nicaraguan resistance proposal to achieve democracy and an end to the war in Nicaragua. Sandinista promises of democracy date back to 1979 in commitments made to the Organization of American States (OAS) and repeated in the Guatemala accord of August 7, 1987, the San Jose declaration of January 16, 1988, and the Sapoa agreement of March 23, 1988. If the dialogue between the resistance and the Sandinistas is to resume, the Sandinistas must show a willingness to carry out the promises to establish democracy that they have made, and broken repeatedly, over the past decade.

In the June 7-9 round of talks, the resistance proposed specific steps to implement a calendar of previous Sandinista commitments for establishing democracy in Nicaragua in conjunction

with the cease-fire process. However, it became clear that the Sandinistas were not interested in democratization and national reconciliation. Their sole goal was the disarmament of the resistance. Deeds, not more words, are needed. Those who insisted that the best way to achieve peace and democracy in Nicaragua was to withdraw military pressure on the Sandinistas now bear a special responsibility to press for democracy in Nicaragua.

Ambassador Max Kampelman, the Counselor of the Department of State, had scheduled visits to the Central American democracies to brief their leaders on events at the recent summit in Moscow, including the summit discussions on regional issues. The President now has directed that the Ambassador seek the views of the leaders of the democracies on the current situation in Nicaragua as well.

¹Text from Weekly Compilation of Presidential Documents of June 13, 1988. ■

The grave violations of the Nicaraguan Government's commitments to the hemisphere and to its own people that I have cited all occurred within the past few days. Unfortunately, they are a continuation of a consistent pattern of serious abuses. I have asked the General Secretariat to distribute to each delegation around this table a 12-page chronology of Sandinista abuses since the signing of the Esquipulas accord on August 7, 1987. This document, which was prepared by the Department of State on the basis of verifiable information, illustrates the cynicism with which the Sandinista leadership pledged to implement the Esquipulas accord and the Sapoa agreement. The number and gravity and brutality of violations committed by the Nicaraguan Government are staggering.

I hereby respectfully request you to issue this chronology as an information document of the Permanent Council and to arrange for its translation.

I urge all of OAS members to study this document and to consider carefully the value of the pledges of the Nicaraguan Government against its shameful record of noncompliance.

The Presidents of the Central American democracies have said many times: There can be no real peace without democracy in Nicaragua.

The Sandinistas promised democracy in their message to this organization in July 1979. They promised democracy in the Esquipulas II agreement of August 1987. They said, "Oh yes, we will hurry to institute democracy" when they signed the declaration of Central American Presidents of San Jose last January. And they promised democracy in the Sapoa agreement 3 months ago.

But what have they in fact done? They have used every tool available to them—violence, intimidation, cajolery, pretense, and insincere negotiations—to maintain their tight, exclusive control over the helpless people of Nicaragua. While promising respect for human rights, they have kept thousands of political prisoners in jail, denying them amnesty or due process despite repeated protests by the Inter-American Commission on Human Rights.

The Sandinista government has offered excuses for its failure to imple-

ment democracy and respect for human rights. It cannot do so, they claim, while the U.S. Embassy is watching. It cannot do so, they claim, until it has defeated the resistance. Apparently it cannot even do so until the civic opposition is crushed. Are we to understand that the Nicaraguan Government plans to wait until all of the independent institutions have been suppressed and their leaders are behind bars to establish some sort of so-called democracy? Are the governments of the hemisphere going to accept such an outcome, or are we going to demonstrate our solidarity with those courageous Nicaraguans who are struggling for freedom and democracy for their people?

The position of the United States is clear. Not only has the Administration forcefully condemned the recent Sandinista violations, but the U.S. Senate yesterday approved by an overwhelming majority a bipartisan resolution strongly condemning the actions taken by the Nicaraguan Government against both the American Embassy and the people of Nicaragua.

The shameful record of Sandinista violations of their commitments under the Esquipulas accord does not mean that the Arias plan has failed. The Esquipulas II accord has successfully established a standard by which the progress or lack thereof of the Central American governments toward establishing democracy, pluralism, and the full protection of human rights can be judged. By these standards, set by the five Central American Presidents themselves, including President Ortega, Nicaragua has demonstrated to the world its utter failure to comply.

For a just and lasting peace to come to Central America, the Sandinistas must show—by actions and not mere words—that they are prepared to carry out the promises to establish democracy and respect human rights that they have made and broken repeatedly over the past decade. Only then will Nicaragua's people and their neighbors in Central America be free from fear.

Cuba: "Our Last Adversary"

by Kenneth N. Skoug, Jr.

Address before the Florida Economics Club in Tallahassee on May 13, 1988. Mr. Skoug is Coordinator for Cuban Affairs.

Fortuitously, Cuba has been very much in the headlines recently, at least in the southern part of Florida. The thrust of what has been written and said of late is that there is a new U.S. policy with respect to Cuba, based on secret diplomacy and looking to the reestablishment of diplomatic relations between Washington and Havana at some early date. Those who report this so-called warming trend in relations also tend to be unhappy about it. The reality is that there is much less here than meets the eye.

I would like to try to put U.S.-Cuban relations in perspective by taking a careful look at some of the underlying realities. Clearly, there has been an improvement in the relationship if one compares it with the situation prevailing about 1 year ago, when the Government of Cuba was not even permitting us to send necessary, and hitherto routinely authorized, charter supply flights to the U.S. Interests Section in Havana and was obstructing the orderly transfer of diplomatic pouches. At that time Cuba was still refusing to implement a bilateral migration agreement which we had signed in December 1984 because Havana objected to the broadcasting of the Radio Marti program of the Voice of America, which began on May 20, 1985. In 1987, Cuban officials were describing relations with the United States as the worst ever, which is saying quite a lot.

Migration Agreement

At present those supply and pouch problems appear to be behind us. Since November 20, 1987, the mutually beneficial migration agreement is again being implemented. We achieved this result without making any concessions on Radio Marti. This is an important positive development which has both immediate and long-term results, providing for the orderly transfer of Cubans to the United States in accordance with U.S. law. It is particularly beneficial to Cuban-Americans and

their relatives in Cuba. Unfortunately, some persons have criticized this agreement since its reimplementation because it provides for the return to Cuba of certain persons who came at the time of the Mariel boatlift and abused the hospitality of the United States to commit serious common crimes such as murder, armed robbery, rape, or trafficking in narcotic drugs. The return of those persons to Cuba was a major objective of both the Carter and the Reagan Administrations and was staunchly opposed by the Government of Cuba. It is, therefore, ironical to see the reimplementation of this agreement listed by some persons among the catalog of dark deeds they quite mistakenly imagine are taking place between the United States and Cuba.

The reality is that thousands of Cubans—all with close relations in the United States or else former political prisoners and their families—are presently being processed in the U.S. Interests Section in Havana for admission to the United States on the basis of the 1984 migration agreement. All of them will have thorough medical examinations and police checks. Those who qualify are now beginning to arrive gradually and lawfully as bona fide immigrants or as refugees. This agreement also banishes the specter of a so-called second Mariel.

Radio Talks

We are discussing radio matters, including interference, with the Cubans. This is the only bilateral conversation with Cuba which is now in progress. Because of Cuba's proximity and the problems it has caused for U.S. broadcasters and their audiences, this has always been an important issue. Cuba broke off talks with us on radio interference in 1983 after Congress enacted the Radio Broadcasting to Cuba Act, which provided for the establishment of the Radio Marti program of the Voice of America. The radio talks, like virtually all bilateral negotiations, are not conducted in public, but the fact that they would be held was announced last November. We stated publicly in February of this year that a very provisional first round of talks had taken place in Mexico City. The positions of the two governments on radio matters have sharply diverged in the past. All that

¹Made available to news correspondents by Department deputy spokesman Phyllis Oakley.

²Richard T. McCormack is U.S. Permanent Representative to the Organization of American States. ■

we have agreed is to discuss our differences. Newspaper articles to the contrary are based on the wildest speculation and warrant no credence. We will continue to announce all further rounds of talks.

Angola

The Cubans are participating in the Angolan MPLA [Popular Movement for the Liberation of Angola] delegation in talks with U.S. officials aimed at getting Cuban troops out of their post-colonial but also neocolonial civil war in Angola, in which they have been engaged during the past 13 years. Obviously, such a withdrawal would be in the interest of the United States.

Fidel Castro sent Cubans en masse to Angola in 1975 with the objective of ensuring the control of the country by the MPLA faction, which had long enjoyed Cuban support. Although over 10,000 Cubans have served in Angola, fighting alongside the MPLA or guarding rear areas, the war has gone on. Last year, Cuban authorities made known to us that they were prepared to leave Angola and would like to be included in the talks on Cuban troop withdrawal being conducted by the United States with the Angolan MPLA.

Thus senior Cuban officials since January 1988 have been participating as members of the Angolan delegation in talks which recently were broadened to include the South Africans. At this point we do not know if the Cubans are prepared to leave Angola and allow it to settle its domestic affairs without outside interference. We do not yet know if they intend to negotiate in good faith toward that end. At the same time they began to participate in the talks, they also increased substantially the number of their armed forces in Angola, and they expanded the sphere of their operations in southwestern Angola to a point much closer to the Zambian border than they had previously been. Perhaps this was in response to an escalation in the fighting that had also drawn in more South Africans. But the fact is that there are now considerably more Cuban troops in Angola than there were a few months ago.

If Cuba is serious about pulling its troops out of Angola, attitudes of African countries and the Soviet Union, along with possible war-weariness in Cuba itself, are probably more important in Cuban considerations than is

the reaction of the Government of the United States. Nevertheless, if they do leave, it would have a positive impact on U.S.-Cuban relations. If they do not withdraw, they will have gained some temporary propaganda advantage, perhaps, from having been included in the negotiations, but the fighting will go on, claiming mainly Angolan but also Cuban lives.

Temporary Visitors

Aside from the migration agreement and the two negotiations which I have just described, we have relaxed some sanctions, mainly limitation on official Cuban travel to the United States, that were in force while the migration agreement was being suspended by Cuba. More Cubans are, therefore, presently coming to the United States for temporary visits. For example, Cuban cultural delegations are again receiving visas even though their political attitudes may not be welcome. Some Cuban nuclear safety personnel will visit a U.S. facility in the near future because we see an interest for the United States and particularly for the people of Florida in avoiding a Chernobyl-type nuclear accident in the city of Cienfuegos, where the Soviets and the Cubans are constructing a nuclear energy plant.

A Consistent U.S. Policy

Does this mean that our relations with Cuba are "warmer" than they were 1 year ago? They are less tense, but one is comparing them with something like the nadir. Does it mean that our policy toward Cuba has changed, as some people appear to fear and as others of a different political persuasion may hope? The short answer is that our policy toward Cuba has not changed at all. It remains what it has been for years. We have always been prepared to resolve problems with Cuba if U.S. interests could be served thereby.

The Government of the United States is not naive about the difficulty of making any progress. We recognized that issues less connected with national security and ideological differences would be easier to solve. We have been willing to look at even the toughest problems, however, with an open mind and in light of changing facts to see if we could bring about a change in Cuban conduct that would be advantageous to the United States. We are following our

agenda, whether we are broadcasting the truth to Cuba on Radio Marti, raising Cuban human rights violations in the UN Human Rights Commission in Geneva, or negotiating agreements which could benefit the American people.

One central fact remains: we still do not like what we see of the Cuban reality. U.S. policy is strongly influenced by tangible Cuban conduct, not merely assertions or ambivalent actions. In Cuba, one man exercises decisive control over his country's conduct, and his attitude toward the United States has never been benign.

"One of the Few Adversaries of the United States"

In his recent television interview with NBC, Fidel Castro contrasted what he termed the "excellent" relations which the United States enjoys with China and the Soviet Union with the quite different relationship which it has with Cuba. "We are left with the honor of being one of the few adversaries of the United States," Castro explained to Maria Shriver. Cuba, he said, would be a "great adversary...a firm adversary...an adversary that does not give in...a very morally strong adversary."

This conceptualization of an adversarial relationship between the United States and Cuba hardly needs to be argued. It comes from the man who should know best. It is self-evident and fully attested by the record of the last three decades. Nor is it coincidental that Fidel Castro privately confided to Celia Sanchez in June 1958, prophetically, that when the civil war he was then waging against Batista ended, a longer, larger war would begin for him—the war he would lead against the United States. This was his "true destiny," Castro wrote.

It would be a serious mistake to regard either his recent statement or the one of 30 years ago as mere rhetoric. The destined war against the United States, the relationship as a firm and principled adversary that does not give in, are not hyperbole but rather keys for understanding the fundamental orientation of the Castro regime. Put simply, in order to justify the maintenance in Cuba of the moral fervor and the material burden of a nation at arms, Castro requires the clear and present danger of an unrelenting outside threat, forever poised to challenge his authority in Cuba and always

prepared to counter the moves which he intended from the outset to make on the world stage.

In part, of course, this is a self-fulfilling prophecy. To underscore the permanent nature of the alleged Yankee menace, Castro has said on at least two public occasions that Cuba could never relax its state of high military alert even if the United States were to become a communist country. He reminded his countrymen of the recent war between China and Vietnam. The message was clear: the immutable geographical proximity of the United States obliges Cuba to maintain the largest number of regular and ready reserve forces in Latin America, plus a militia of over 1 million men and women, plus the ubiquitous committees for defense of the revolution (or block wardens), plus an unending state of military preparedness on the part of the whole population of Cuba.

Even if Fidel Castro only intended the eternal Yankee menace for purposes of internal control, it would be a serious impediment to any fundamental improvement in bilateral relations. But there is another reason why Castro feels that he needs an adversarial relationship with the United States. Despite the modest size and material assets of Cuba, a country with a population of only 10 million persons, Castro has successfully carved out a leadership role in international affairs which would almost certainly have eluded him had he chosen in 1959 to take the path of democracy. He could have been a democrat and served Cuba honorably and well while maintaining a good relationship with the United States, as Romulo Betancourt did on the other side of the Caribbean, in Venezuela, at the same time.

Cuba as a Linchpin

But Castro rejected such a course because he had quite different objectives in mind. He placed his considerable talents as a charismatic, even messianic, leader at the service of the elitist concept of world revolution. His singular "contribution" to the much longer history of civil strife in this hemisphere was to provide a linchpin between Soviet power and Latin American revolutionaries, to turn each insurgency into a chapter in the ideological and strategic relationship between the superpowers. It was not so much that Moscow wanted revolution in the Western Hemisphere. It wanted the strat-

egic partnership which Castro was offering, in return for which Moscow gave the necessary life support to the willing mother of revolutions in Havana. Apart from this, Fidel Castro has also sought, especially in recent years and with some success, the construction of an international anti-American coalition. Paradoxically, the regime which began by waging guerrilla warfare against its neighbors now affects to be their leader in a confrontation with the United States.

If the grandiosity of his international designs has been frequently betrayed by the shallowness of Cuba's material base, Castro has, nonetheless, succeeded in holding center stage for three decades. And whatever doubts the new Soviet leadership may privately harbor for his personality, his dogmatism, and his idiosyncracies, it continues to pay him a monumental subsidy in order to keep the Cuban economy from collapse. The subsidy presently exceeds \$5 billion per year for economic assistance alone, or about \$100 million weekly. Soviet willingness to support Cuba's inefficient economy is what permits Castro to play the strategic and military role of a great adversary of the United States. That is not to say that the Soviet Union necessarily supports or even welcomes every Castro action, for Moscow has broader interests than does Cuba and Gorbachev appears to have a new recognition of the extent of Moscow's own serious economic problems.

Cuba's Brave New World

Fidel Castro has governed Cuba for 30 years. His personal dictatorship may go on indefinitely. He appears to be in good health. He has never been known seriously to consider relinquishing his authority, even though he is now facing serious societal problems in Cuba that are challenging his genius for manipulation and control. We have to anticipate both that he will be around and that his basic outlook will change but little. It is sometimes argued that Cuba's serious internal problems might make Fidel Castro a more flexible negotiating partner. He himself has referred to a "growing crisis" in Cuba, even though more recently he has been insisting that his so-called rectification of errors campaign has set Cuba back on the "right road to socialism."

Obviously, the United States has very little reason to help Castro. More over, his preferred remedy seems to be more of the same recipe that got Cuba where it is today. While in the Soviet Union Gorbachev looks to revisionist Soviet economists for guidance in introducing more market mechanisms and material incentives into the Soviet system, the Cubans stress zeal and recall with nostalgia the dubious legacy of Che Guevara. Castro's right road to socialism is paved with discipline, and the road signs are mainly moral stimulation or fear of punishment for failure. Castro described Cuba's problems in a recent interview with a Uruguayan newspaper as "the unavoidable phenomena of a revolutionary process," adding modestly that "there is no more difficult task than that of building a new world." The defection of even veteran loyalists like General Rafael del Pino suggests that in Cuba the heroes are tired of having the only bandmaster in town keep calling for more martial music.

Building a new world, for Castro is, however, the real meaning of his revolution. It means changing the mentality of the Cuban people. Criticism of his eternal verities is viewed as "ener propaganda." Ricardo Bofill, president of the tiny Cuban Human Rights Committee, recently called attention to the fundamental nature of this issue, saying: "The lack of freedom in Cuba and the violation of human rights originate from the Constitution itself. Everyone knows that the concept of liberty in Cuba does not include the liberty to criticize or oppose."

His combative instincts have led Castro to sympathize with other militants. Unlike the Soviet Union and China, Cuba is spurning the 1988 Olympic Games in Seoul because of Castro's strange affinity for the North Korean under Kim Il-sung, whose harsh rule and inherent belligerence go back a decade beyond his own. One wonders how Cuba's well-trained and quasi-professional athletes feel about this sacrifice on behalf of the terrorist authorities in Pyongyang. The Cuban press reports that they are delighted by Castro's decision. In a similar vein other young Cubans were, no doubt, delighted to go to the distant Horn of Africa to fight for the Mengistu regime in Ethiopia or to Yemen to see how barren the rocks of Aden have become under socialism. If a man is known by his associates, Castro has some tough customers to explain, beyond this hemisphere as well as within it.

Cuba supports Latin American revolutionaries, including by military training and arms transfers. This assistance is calibrated to the specific situation prevailing in a given country. Earlier this month, Cuban Vice President Carlos Rafael Rodríguez, the silver fox of Latin American revolutionaries, explaining in the Brazilian news weekly *Veja* why Cuba supports guerrilla movements like the one in Chile, said: "When there are situations that character, we continue giving solidarity among principles do not change, rather the situations." Apparently Cuba's arms deliveries to Chin revolutionaries are a demonstration of these principles. It is also true that Cuba trained the terrorist FARC movement in Colombia for its fight against Colombian democracy.

Recently, the Cubans, concerned about the possible loss of a highly valuable friend in Panama, sent a witch's uldron of agitprop experts in order to radicalize the situation. Fearing that a United leadership might step down peacefully, an outcome they observed without joy when it took place in the Philippines and Haiti, the Cubans seek to ensure that there can be no bloodless transition to democracy in Panama. Their skilled agitators have coached interviews" picturing the contest as between the "Colossus of the North" and the Panamanian people, backed by the force of Cuba and of all Latin America.

The Cubans also have supplied arms and have encouraged the development of Panamanian block wardens along the lines developed in Cuba. Havana's objective is not the introduction of a communist society in Panama in 1989, however, but retention of influence and encouragement of anti-American tendencies there until the year 2000 when Panama is to take over the canal. Cuba does not want its influence in Panama to be reduced in the intervening 12 years. After all, a firm, principled adversary can afford to wait, especially if he presides over a system which does not have elections itself and where there has never been a change in administration.

Cuba's Unpayable Debt

part from its military commitments and its support to revolutionaries, the Cuban regime has tried to rally the Third World behind the notion that developed countries—and principally the United States—should assume the for-

eign debt of the developing countries and pay it off through savings from disarmament. In a seminar in Brazil on the subject of debt, Carlos R. Rodríguez said Latin America should be in the vanguard of the view that debt is "illegal" and "immoral" because "peoples are not responsible for debts incurred by authoritarian governments." For years Castro has told anyone who would listen that the foreign debt of developing countries should be renounced. Few have taken his advice literally although some may have found an outlet for their frustrations in his fierce rhetoric. Perhaps they have looked at Cuba's own unpayable debt to Western countries, not to mention the imaginary mountain of soft currency which the island owes to the Soviet Union and Eastern Europe. Cuban policy stresses Latin America economic integration though the buildup of such organizations as SELA [Latin American Economic System] and OLADE [Latin American Energy Organization], where Cuba is a member and from which the United States is excluded; yet Cuban trade is over 85% oriented toward the Soviet Union and the Council for Mutual Economic Assistance (CMEA), and almost no trade takes place with Latin America. The Cubans stress the importance of "new mechanisms," but these usually turn out to be financed by other developing countries or simply are barter.

Fidel Castro, although prepared to stand alone as the last adversary of the United States, would doubtless welcome company in his protracted confrontation. He wants to be recognized not merely as the militant voice of Cuba but also as a primary spokesman for Latin America. If he were to succeed—and it is unwise to underestimate his determination or his skill, despite the unorthodoxy of his form of communism—the adversary relationship would be continued at a higher and more damaging level.

A Realistic Prognosis

The prognosis for U.S.-Cuban relations is thus not encouraging. Some talks are underway, but to speak of a warming trend is not only premature but unwarranted by the facts. As we have frequently noted, there can be progress, especially in the solution to bilateral issues such as migration, radio interference, and safety of life at sea. We will continue to seek to advance U.S.

interests—and that means the interests of all Americans, in every state—as opportunities present themselves. Some in the United States who oppose any sort of contact with Cuba may be unhappy about even this prudent and realistic approach. On the opposite side of the Florida Straits, Cuban officials like Carlos Rafael Rodríguez appear to be smoking something stronger than their own cigars as they speak of concessions which some future U.S. administration will have to make to them for the prize of resuming diplomatic relations with Havana. Or perhaps Rodríguez is only trying to worry the good people of Miami. There could perhaps also be progress in national security issues but only if the Cuban Government shows itself prepared to temper its militancy and accept a less tempestuous place in a region where democracy is struggling to prevail over elitist or caudillo regimes of one sort or another. The choice, however, is largely that of Cuba, and the historical record is daunting.

Fidel Castro has sought and covets the role of firm and unyielding adversary. We cannot assume that this will change in his lifetime. This role is not compatible with any fundamental improvement in U.S.-Cuban relations. Under these circumstances, just as the present Administration has done, any future U.S. Government will have to deal resolutely and realistically with the challenge of Castro's Cuba. ■

Secretary Visits Central America

Secretary Shultz departed Washington, D.C., June 29, 1988, to visit Guatemala, El Salvador, Honduras, and Costa Rica; he returned to Washington on July 1.

Following are remarks he made during the trip and the text of an identical letter he sent to Senate Majority Leader Robert J. Dole and Minority Leader Robert C. Byrd and to Speaker of the House of Representatives Jim Wright and House Minority Leader Robert H. Michel.

ARRIVAL STATEMENT, GUATEMALA CITY, JUNE 29, 1988¹

Central America is torn by contradictory forces.

- Much of the groundwork has been laid for the practice of democracy and the revival of economic development. Yet efforts to subvert democracy and prevent peaceful progress continue, and many Central Americans live with neither freedom nor security.

- The search for peace has intensified. Yet in recent months, fresh hopes have been accompanied by fresh uncertainties.

I am here as a concerned friend. There are major problems to overcome. Some look like mountains to move. But an enormity has already been achieved since the near-disastrous days afflicting Central America at the start of the 1980s. With the right kinds of efforts, the job can be finished. I believe that, working together with vision and statesmanship, we can overcome the obstacles and move forward together.

So I have come to Guatemala and its democratic neighbors to consult on a common course in the search for freedom and human dignity, for economic progress, and for peace in Central America.

These are our objectives—freedom, economic progress, and peace. We must sustain our mutual commitment in the months and years ahead to reach these goals for all people in this important area of the world. Let me look quickly at where we stand on each today.

Freedom and Respect for Human Rights

First, the political dimension—freedom and respect for human rights: political progress must rest on the foundation of democracy. The basic freedoms that individuals deserve must be relentlessly pursued. Freedom must stand as the guiding light for efforts to bring about a brighter future for the region.

In the last decade, three countries—Guatemala, El Salvador, and Honduras—have each made significant progress, more than most believed possible. Ten years ago, Costa Rica was Central America's only democracy; today Nicaragua is Central America's only dictatorship.

In joining Costa Rica in choosing democracy, Guatemala, Honduras, and El Salvador have made a decision that is not without challenges. Democracy is not merely a mechanical device to choose representatives through elections; elections are an indispensable element of democracy, but its vitality depends on an atmosphere to nourish it. Democracy is a way of life, an encompassing pattern of behavior conducive to freedom, individual human dignity, and the protection of rights and liberties.

Everyone has a stake in the building of democracy. Democracy requires strong civilian leadership and effective political parties to articulate the needs of the people. Democracy requires the participation of the military as a partner in the search for stability. Here in Guatemala, the country will celebrate "Army Day" tomorrow. It will be a time to show appreciation for the sacrifices of the armed forces in helping to build and defend the new democratic order. Democracy also requires the active support and participation of business and labor. Their entrepreneurship and productivity, fairly rewarded, are key to any solid, lasting democracy.

Economic Reforms

This brings me to my second point, the economic dimension: to carry out internal economic reforms that will bring opportunity and development that is widely shared. We live in a period of profound change in communications, production, and technology. This is an era in which openness to new ideas and to change itself is critical. The lesson of today—and one which we need to learn

in order to compete in the global market of tomorrow—is that democratic societies with market-based economies succeed; closed societies with centralized economies fail. No matter how small a country may be, it can be successful economically and lift the standards of its people if it is open to the initiatives required by the rapidly changing world of knowledge.

Even before the economic crash of the late 1970s brought about by falling coffee and cotton prices and rising cost of oil and capital, the UN Economic Commission for Latin America had warned that "the fruits of the long period of [Central America's] economic expansion...were distributed in a flagrantly inequitable manner."

We have all worked hard to overcome these economic fluctuations and social injustices. The past decade has seen first a stabilization, now a slow recovery and return to growth in the region.

Since democratic government was restored at the beginning of 1986, Guatemala has reversed its economic decline. The inflation rate fell from 37 in 1986 to less than 10% today. In 1987 the economy grew by over 3%, the first year of per capita growth since 1980. Aided by the Caribbean Basin Initiative, nontraditional exports to the United States totaled \$168 million in 1987, an increase of 48% in 1 year.

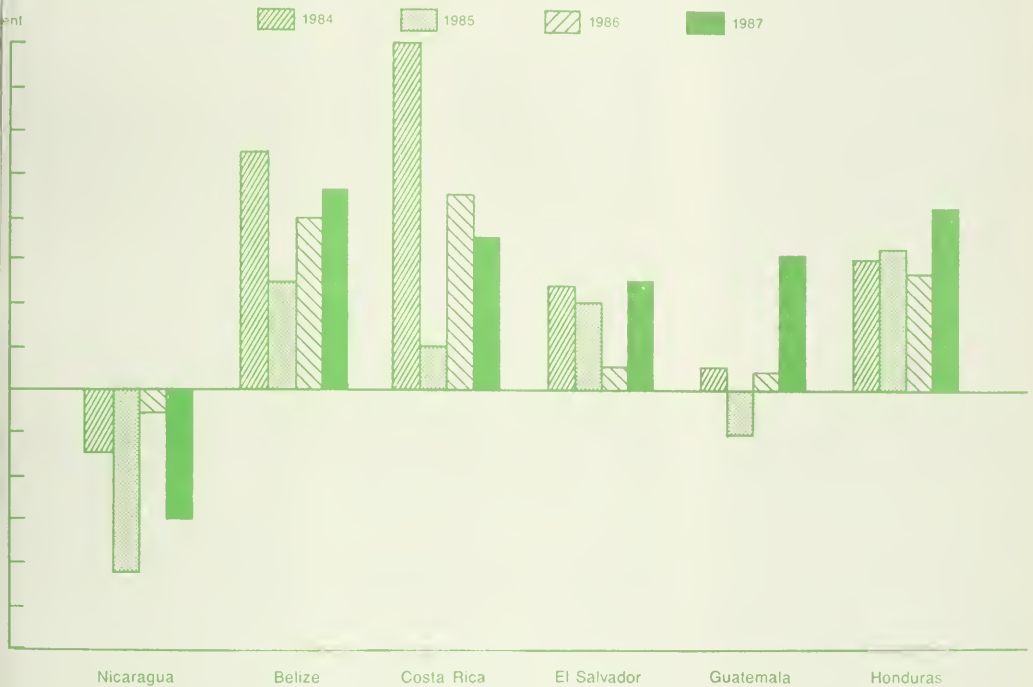
In 1982, Costa Rica's economy declined by over 7%; last year was Costa Rica's third consecutive year of economic growth. Last year the Honduras economy grew by 4% with the lowest inflation rate in all of Latin America—2.5%.

While enacting major land reform to provide more economic opportunity and recovering from a devastating earthquake, El Salvador's inflation rate this year is likely to be little more than half the 1986 rate of 32%. I sometimes marvel at how well the people of El Salvador manage to prevail in spite of communist guerrilla attacks on their means of livelihood and progress.

Peace and Security

Third, the dimension of peace and security: Central America is still torn by conflict, but serious efforts have begun in the search for peace among its five nations. Success for any diplomatic effort requires all parties to commit themselves to negotiate fairly, abide by the same rules, and share a common vision of what a settlement can achieve.

GDP Growth Rates in Central America, 1984-87



Esquipulas, San Jose, and Sapoa agreements carry such promise.

Guatemala, Honduras, El Salvador, and Costa Rica clearly are committed to a negotiated settlement. They are prepared to abide by the rules of the negotiating process. And they have a common vision of a region free of threats and committed to democracy. They share their vision and commitment.

Nicaragua is the odd man out. Instead of a commitment to negotiate honestly, the Sandinistas have a record of evasions and noncompliance. They have repeatedly negotiated agreements—first with the OAS [Organization of American States]; then with their Central American neighbors; regularly with their own countrymen. But they have not complied. They have not democratized. They continue to support subversion in neighboring countries. Theirs is not a record of honest negotiations; it is a record of negotiations corrupted by

the Sandinistas' efforts to destroy those who do not agree with them.

Those of us who seek peace with Nicaragua must deal with the blatant evasive sarcasms of President Ortega, who blandly told the OAS on November 11, 1987, that he could not respond to "the supposed violation of a nonexistent commitment" to the OAS because the agreements negotiated in 1979 were "political" and hence not legally binding.

Nicaragua's diplomatic isolation reflects its political and economic backwardness. The hopes of 1979 have given way to repression and stagnation. The economy is a bust; income per person is about half its 1977 level and has fallen below all other countries in the region; inflation runs out of control; exports are almost nonexistent. Promises of progress have been redeemed with deepening misery. Ideology is plentiful, but milk is rationed. The standing army

has grown from 6,000 to 80,000 men. Parades are constant, but the Ministry of Justice has been abolished, and constitutional guarantees are restricted. The will of a small minority is imposed by force on the majority of the people. Apparently the leaders of Nicaragua have no compassion for the people of Nicaragua.

Those of us who seek peace must find the answer to a fundamental question: if we cannot trust the Sandinistas to keep promises made in agreement after agreement, how can we trust promises that they will make about the future?

All of us who value democracy and human dignity seek a settlement that will bring true peace to Nicaragua and to the region. That is what the Nicaraguan resistance, too, is fighting for—a peace based upon freedom, respect for human rights, and economic progress. We will see in the weeks and

months ahead whether the Sandinistas finally learn that economic and political freedom are indispensable to peace and progress. We will see whether the gap continues between Soviet statements in support of peace and Soviet war materials to the Sandinista army.

No nation in this hemisphere can live as an island unto itself. None can arrogate to itself sole responsibility for determining the future course of the region. None can hold up a failed model of economic growth and expect others to follow. None can frustrate for long the wishes of the majority of people in the region for peace, democracy, and freedom. And none can stand alone as the region intensifies its commitment to democracy and development.

A Vision of the Future

During my visits here in Guatemala and elsewhere in the region, I want to discuss and explore a common vision of the future that will propel us into the next century. It is a vision firmly anchored on the foundation of democracy. It is a vision aspiring to social progress and justice. It is a vision committed to the peaceful resolution of disputes.

A key judgment that I bring to these discussions is that the democracies of the region will want to intensify their dialogue and cooperation—politically and economically—in the period ahead. We shall explore ways in which the United States and other friendly states can contribute to promoting the shared objectives of regional democracies.

For our part, the United States pledges to work actively in support of the objectives put forward by our regional allies.

- We are for democracy and human rights and freedom. We will continue to support those who choose to govern themselves as free people.

- We are for economic development and growth. We will continue to assist the region directly, promote investment and trade, and marshal as much multilateral economic assistance as possible. We will encourage economic change in the region necessary for our friends to succeed in the global economic system.

- We are for peace and security. We will support efforts to move forward the peace efforts begun here in Guatemala last summer.

These principles need to be translated into a concrete and sustainable plan of action for the period ahead.

They need the active involvement of those who share our vision of tomorrow. They need to be seen as the most effective argument against those in the region who seek to subvert democracy and subjugate their people. They will illustrate—in clear terms—that, by chaining themselves to a system being discarded by its very creators, Nicaragua's rulers are destroying their country's opportunity to look toward the next century.

As our friends here seek peace and freedom in the period ahead, we in Washington will work in a bipartisan manner to help meet the challenges facing this, our neighboring region. We will honor our commitment to promote economic growth and social justice in the region. We will work to involve others in this effort. And we will uphold and strengthen our commitment to protect our democratic friends from attack or subversion. We will make this determination clear in our dialogue with those outside the region who pour arms into the already full arsenals of Nicaragua. I make that commitment to you today.

There is much work to be done. But our friends in the region are up to the challenge, and we will be there at their side.

I am pleased to begin this effort in Guatemala, for the promise of the future is exemplified here. After decades of violence and repression, Guatemala chose democracy. Yesterday the government and the military were isolated; today it is the guerrillas who are without popular support. Today President Vinicio Cerezo is an elected civilian reformer who has won the respect of the world community. Inflation has fallen; economic growth has begun again; exports are up.

By choosing and protecting democracy, Guatemala has made a political and economic statement about the future to its people and its neighbors. Guatemala's statement should echo throughout the region. The time of democracy and development is now. It is our task to transform them into realities that will bring peace throughout the region.

I am eager to begin the process of elaborating these ideas during this visit.

**ARRIVAL STATEMENT,
SAN SALVADOR,
JUNE 30, 1988²**

A year and a half ago, I came to El Salvador in the wake of a terrible natu-

ral disaster. There were few words of hope that could be said then to comfort you. Today as I visit El Salvador, I am filled with admiration at your strength and determination in bouncing back at resuming your drive toward economic growth.

This is the same spirit that characterizes the personal struggle of President Duarte. His is a remarkable example of courage and devotion to the people of his homeland whom he loves. I visited him a short time ago and was enormously moved and impressed by his good spirits and the strength he imparts to all around him.

The people of the United States have come to know the people of El Salvador. You have proven, at great sacrifice, that you are ready for the challenges which lie ahead. El Salvador has overcome problems of nature, problems of repression and subversion, and problems of historical inequities to create a vibrant democracy moving toward an open and productive economic system.

After 50 years of military governments, five free elections have been held in succession, with a new one next year that will determine the presidential succession—freely and politically, not by force.

Despite monumental damage inflicted on the economy by communist guerrillas, El Salvador continues to produce and recover. Soon, a strategy of economic recovery will need to give way to economic growth and expansion. In the rapidly changing international marketplace, it is no longer sufficient to try to keep pace; giant leaps must be taken over old ways of doing things in order to compete globally.

The political and diplomatic effort the region requires should, in turn, build on the benefits of democracy and free market-based economic growth. Our joint search for peace should reflect our common objectives: political freedom, social justice, and security.

This search—to which the democracies of this region are committed—will constitute a challenge to the guerrillas and their communist allies. The don't want democracy; they don't want freedom. They want to impose by force of arms a way of life which restrains society from fulfilling its potential. They want to achieve with bullets the power that the people of El Salvador refuse to give them by the ballot.

But their goal is an illusion, and their methods will fail. To Nicaragua and its backers from the outside, I bring an unequivocal pledge from the United States: we will not tolerate at

tempts to subvert democracy. The people of El Salvador have chosen their form of government. They have chosen a way of life best suited to bring about social justice and freedom. They cannot be subverted.

So, I've come to the region to urge the support of a unified U.S. Government and a determined American people to uphold democracy and human rights, development with equity, and security with peace in Central America. I have come to work with El Salvador and its neighbors as they elaborate a diplomatic strategy for the period ahead.

The commitment and support of the United States are firm. Our friendship and respect are sincere. Our contention in the course you and we are now pursuing is rooted in reality. Together, we can make it work.

RIVAL STATEMENT, GUATEMALA, JUNE 30, 1988³

...ome to Honduras with a sense of shared purpose and common endeavor. I am proud to be here—proud to salute our achievements in democratization and development and proud to say, as a neighbor, that we shall work together in building a more secure peace.

Your political and economic achievements of the past decade here in Honduras are a remarkable part of the global drive toward democracy. You have survived critical political challenges along the way. You have worked hard to achieve economic growth and social justice.

Hondurans understand that market-based economic growth, distributed fairly, requires an open system of governance. This kind of governing system—democracy—requires internal peace at home and external security in the region in order to prosper. The achievement of peace and security requires the correct mix of political democracy and military vigilance and deterrence. And it requires common purpose and commitment among like-minded nations.

Honduras has played an important role in seeking a political and diplomatic solution to regional problems. President Azcona has acted with strength and firmness to set the stage for the peaceful resolution of regional disputes.

The drive to democracy here in Honduras and the economic and social

development that democracy is producing stand in stark contrast to the situation in Nicaragua. The Sandinistas seek to build a totalitarian society on the back of a massive military machine. They have caused income per person to fall to roughly half its level of a decade ago and to the lowest level in the region. They see the freedom of people in neighboring countries—and recoil from it in fear. Nicaragua is out of step, a country isolated by its rejection of freedom, growth, and the security of its neighbors.

Honduras understands the problem better than most. A steadfast supporter of democracy, Honduras has been on the front lines of the conflict created by the denial of democracy in Nicaragua. The contributions of Honduras to the cause of freedom and to easing the human burdens of the civil conflict next door continue even today. But we must do more—and do it together—if we are to find a future dedicated to democracy, social justice and progress, and economic development and prosperity.

What is needed is a joint economic and diplomatic effort built around the vibrant democracies and growing economies in the region. We must demon-

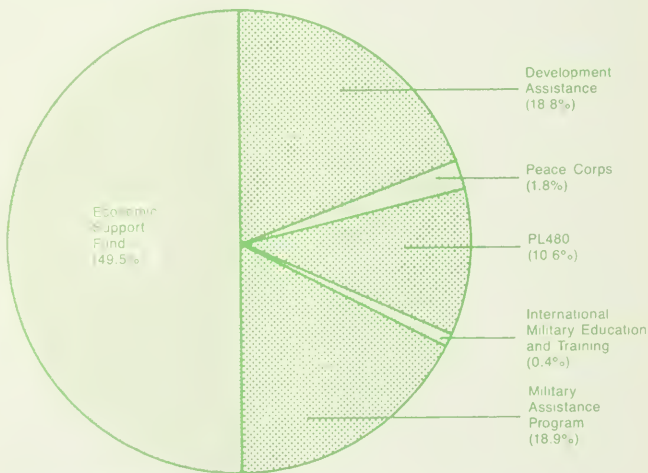
strate conclusively that free political and economic systems are the way of the future and that totalitarianism, state-controlled economies, and foreign adventurism are methods of the past and doomed to failure.

I have come to the region to work with our friends to strengthen freedom and to promote economic progress and to consult with them on the search for peace. We benefit from a good start in the Esquipulas, San Jose, and Sapoa agreements. We benefit from the enthusiastic support of democratic friends. And we benefit from the determined and widespread support in my country for peace and democracy in this region.

Free choice—and cooperation among free men and women—works. It works in politics, in economics, and in diplomacy. All three are at the heart of the friendship and cooperation between the United States and Honduras. All three can contribute to the security and prosperity which the people of Honduras and the region deserve.

Proposed U.S. Bilateral Assistance to Central America, FY 1989⁴

TOTAL \$859 million



FOR THE UNITED STATES AND TO BALIZE COSTA RICA EL SALVADOR GUATEMALA AND HONDURAS

LUNCHEON TOAST (EXCERPTS), TEGUCIGALPA, JUNE 30, 1988⁴

First let me express my appreciation to you for having at this luncheon such a diverse representation of the political and business life—and journalistic life—of Honduras. It's a statement about Honduras that so many presidential candidates are gathered in one room, even at one table, and have such a good time with each other. But deeper than that, it shows the kind of open and vigorous society that has emerged here....

In the United States there is broad bipartisan support for the four democratic Central American countries that are our friends. We appreciate what each of you are doing and what Honduras is doing, and when it comes to votes in our Congress on critical matters, what we find is big majorities which means big majorities among Republicans and big majorities among Democrats. It's not controversial. Therefore, you can expect that there will be continuity, that we will have staying power....

The President believes, and told me to tell you, that he feels you have the right to be proud of what you have achieved here in Honduras. Just to take a couple of numbers—I used to be an economist; I like numbers—you have a very low rate of inflation—2½%—3%—who in Latin America has a better record? Who anywhere in the world has a better record? You have real growth on the order of 4%—pretty good by any standards. Of course, you have lots of problems. Of course, you and we would like to see it better, but let's not minimize the achievements....

All of the other democracies in Central America, with all the problems we all have—nevertheless, all have inflation under reasonable control, all are experiencing right now a real rate of growth.... [W]hat does Nicaragua have to offer? Does it have an economic system that anybody envies? Does it have a political system that you'd like to be in? It doesn't have anything to offer. What it has is a Soviet-supplied military capability that threatens the region. That's all, and it's a problem. But from the standpoint of political achievements, social justice, economic achievements, any sense of the things that we strive for... we, the democracies, have the winning hand....

So that's the reason why the President sent me here. To consult here with

you and the other democracies in this region and develop together a strategy for how to play that hand. So we will consult with you, we will work with you, we will share our common problems with you. And, as you said in your toast, the United States will stand with you, and we will help us all develop this winning hand... so that it does, in the end, turn out to be truly the success we want it to be.

ARRIVAL STATEMENT, SAN JOSE, JULY 1, 1988⁵

The pursuit of peace requires diligence, dedication, and perseverance. It is mankind's noblest activity. This is well understood by the people of Costa Rica, whose president is admired throughout the world for his noble efforts on behalf of peace.

Costa Ricans know that the requirements of peace are the requirements of democracy. They are an open mind and the willingness to change positions and, ultimately, behavior based on information validated by the freedom with which it is transmitted, received, and evaluated. Progress is often measured in small increments. But progress is possible when the parties share a commitment to make the process work and when they share a common vision about the shape of a settlement.

The search for peace in Central America can succeed. The parties can engage in practical steps toward peace, and there can be a change in the environment. But we need to assess carefully whether the parties to this conflict can share a common vision of the shape of a settlement.

In 1978, Costa Rica was Central America's only democracy. Today Guatemala, Honduras, and El Salvador are committed to similar democratic courses. They are becoming increasingly open societies. They have free market economies, recognizing that the global marketplace requires an open society and open economy. They strive hard to achieve social justice and equality. They invest in people, not arms.

Nicaragua under the Sandinistas simply doesn't measure up. The Sandinistas are intent on snuffing out freedom at home and intervening abroad. There is a closed economy, increasingly reliant on handouts from the Soviet Union. They don't want social justice and equality for their people; they pre-

fer a communist government and a totalitarian society. This is a model that has never worked. It is a model that is being rejected around the world today.

Costa Rica and its democratic neighbors have a different vision for Central America. You seek a peaceful settlement that will bring freedom and prosperity to Nicaragua and to the region—a peace based upon freedom, justice, and respect for human rights. It is democratic opposition in Nicaragua that shares this vision. So does the Nicaraguan resistance.

Will the Sandinistas reconcile with their countrymen, stop supporting subversion, and live up to the obligations they have made to you, their neighbors? Will they place power in the hands of the people through free, internationally observed elections, or will they cling to their prerogatives and stand unmasked before the world as dictators? Will the Soviet Union stop its adventurism in this region as President Arias so eloquently urged in his letter to General Secretary Gorbachev?

It is not a framework for peace that is lacking; the Esquipulas, San Jose, and Sapoa agreements are good bases on which to proceed. What is required is the willingness of all parties to join and play by the same rules. We have plenty of promises embedded in agreements. What we need is performance. We need delivery on promises. When the Sandinistas and their supporters share a vision of a settlement based on democracy and freedom, peace can be achieved.

So I've come to the region this week to consult on a common course the search for freedom, economic progress, and peace. We share the same objectives as our friends in the region.

- We are for democracy and human rights and freedom. We will continue support those who choose to govern themselves as free people. We will work with the prodemocratic forces within Nicaragua.

- We are for economic development and growth. We will continue to assist the region directly, promote investment and trade, and marshal as much multilateral economic assistance as possible. We will encourage economic change in the region necessary for our friends to succeed in the global economic system.

- We are for peace and security. We will support efforts to move forward the search for peace President Arias did so much to advance last summer.

This is a realistic agenda, but the road ahead will not be an easy one. We must spare no effort in our quest. By dedicating ourselves to the common enterprise of a just and peaceful resolution of the conflict in Nicaragua, we will extend the benefits of democracy to all the peoples of Central America and further strengthen the sense of solidarity among the democracies of our hemisphere.

**STATEMENT,
SAN JOSE,
JULY 1, 1988**

I am happy to report that we have accomplished a great deal in the past 3 years. Building on our mutual efforts over the past 7 years to restore democratic government and revitalize the economies of Central America, I have assured each of the presidents that the United States remains committed to the freedom, the development, and the security of the region.

My consultations with President Perez, Acting President Castillo Claromonte [of El Salvador], President Scurat, and President Arias, and with their key advisers, have been stimulating and productive. In each case, the atmosphere of our meetings reflected the close friendship and mutual interests of our nations.

The discussions revealed a common vision of human dignity, freedom, and equitable economic progress. The discussions also revealed a belief that Nicaragua poses a threat to this shared vision—and a concern that the Sandinistas seem ready once again to scuttle the prospects for lasting regional peace.

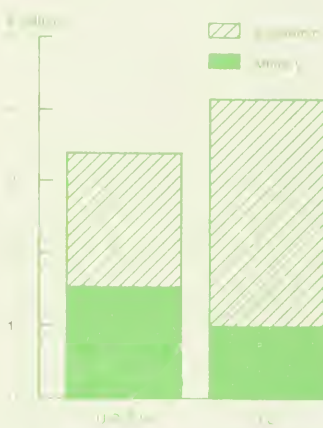
We strongly believe in the importance of close and continuing consultations among the democracies of the region and between the democracies and the United States.

We want neighbors at peace. We will stand with Central America.

We and our neighbors agree that strong democratic institutions which guarantee social and economic freedoms are vital to a lasting peace. Free democratic institutions must be encouraged and supported in each country, including Nicaragua and Panama. Respect for human rights must be strengthened throughout the region.

All our governments also agree that economic freedom is the key to the economic growth that will fuel social justice. In neighboring Nicaragua, the Sandinistas have imposed comprehen-

U.S.S.R. Aid to Nicaragua Compared to U.S. Aid* to Central America 1982-86



*Includes U.S. aid to El Salvador, Guatemala, Honduras, and the Northern Triangle countries.

sive state controls and gross mismanagement. The results have been a two-thirds decline in the standard of living in the past 4 months, inflation that is sure to exceed 2,000% this year, and tens of thousands of workers who are paid less than the cost of subsistence. Income per person has fallen to half its level of a decade ago, to the lowest level in the region.

By contrast, I am struck by the economic progress achieved by the four democracies. All—even war-torn El Salvador—have substantially recovered from the disastrous days of the early 1980s. The challenges remain difficult; much hard work lies ahead—but positive economic growth has returned to each of these countries. The political difficulties of implementing economic reforms must be faced—for all four countries recognize the advantages of pursuing development based on economic liberalization and export-led growth. All have made impressive progress in bringing inflation under control. Infant mortality is declining; literacy rates are rising; health care is improving markedly. Though rates of progress vary, initial structural economic reforms have been implemented in each country; other necessary reforms are underway or under consideration.

I am proud of the major role the United States is playing to help these countries reverse their economic decline. From 1983 through 1988, the United States will have provided nearly \$4.4 billion in economic assistance to these four Central American nations. Those monies have helped our democratic neighbors stabilize their economies and improve delivery of basic services. Working together, we have made great strides in health care, education, agricultural diversification and improvement, export promotion, and a host of other programs to improve the lives of the people of Central America. But much remains to be done.

We also discussed the negotiations between the Nicaraguan resistance and the Sandinistas. We firmly agree that mere promises will not achieve national reconciliation in Nicaragua. A definitive calendar of concrete and verifiable steps to implement true and lasting democracy is fundamental to a successful, permanent cease-fire agreement. We discussed the appalling negotiating conditions in Managua, in which the resistance delegation was not allowed to meet with their fellow Nicaraguans and was subjected to harassment and threats.

I found unanimous agreement that the massive and continuing Soviet and Soviet client military shipments to Nicaragua threaten every country in Central America. Those shipments should stop immediately. The Sandinistas have built a military machine far in excess of any legitimate security need. This, coupled with continuing Sandinista support for subversion, forces the democracies to divert scarce resources from the social and economic development which is critically important to the future of the region.

I want to make it absolutely clear that the United States will not tolerate the subversion or destabilization of the democratic governments of Central America. Such an act, direct or indirect, is a threat to the security interests of the United States of America. It will be resisted by all appropriate means, including military cooperation in the collective self-defense of the democracies.

I described to each president our efforts to restore democracy and to protect vital U.S. interests in Panama and our determination to confront, without tiring, the invidious and destructive influence of narcotics trafficking.

Finally, and perhaps most importantly, I categorically assured each president that these objectives enjoy strong bipartisan support; our national interests will not change with a change of Administration. The United States is—and will remain—fully committed to protecting critical U.S. national interests by achieving constitutional democracy, economic and social development, and an enduring peace in Central America. These U.S. interests and objectives are fundamental to our national security and to our firm national desire to improve our world.

LETTER TO THE CONGRESS, JULY 7, 1988

I have just returned from a three day trip to Central America, during which I met with the presidents, foreign ministers, military officials, and opposition leaders of the region's four democracies. I was struck by the strong indications I found that, although there have been and may continue to be some temporary setbacks, our bipartisan policy of support for democracy, development, peace and security in the four democracies is succeeding. On the whole, the trend is positive.

Respect for democratic institutions is growing in the three new democracies and remains strong in traditionally democratic Costa Rica. In the new democracies of El Salvador, Honduras, and Guatemala, democratic practices are growing. In El Salvador, for example, I was assured by Acting President Castillo Claramount that not even the stresses associated with President Duarte's incapacitating illness have shaken the commitment of the Salvadoran people to democracy.

I met with the Salvadoran military high command on the same day they announced the rotation of several top officers—a changing of the guard in a new democracy. Similarly in Guatemala, I met with representatives of the private sector who, though clearly opposed to some of the government's policies, nevertheless expressed support for Guatemala's new democratic constitution.

Economic news from the region is also encouraging. Standards of living are rising and the rate of inflation is falling in all four democracies. The presidents assured me that with continued U.S. assistance and access to the U.S. market they will be able to sustain economic growth, thereby relieving the poverty that fuels so much of the region's distress. The political and economic advances of the democracies contrast strongly with the sad story of deepening misery and repression in Nicaragua, whose rulers are adopting an ideological model now being abandoned by its creators in Moscow.

The diplomatic process arising out of the San Jose Declaration provides the hope of peace and security in the region, based on a commitment to democracy. The presidents told me that U.S. support for pro-democratic forces in the region is essential to bring the negotiations to a successful conclusion. They now see with great clarity the extent of the Ortega regime's failure and the danger of its Soviet-backed military buildup.

There was universal concern and resentment about the continued flow of Soviet arms supplies. The leaders of all four democracies view this major Soviet military intervention as unjustified and incompatible with long-term stability in the region.

The Sandinistas increasingly are isolating themselves from the effort to build a sound, just, and open future for the region. We need to heighten that sense of pressure and isolation if the peace process is to succeed. I pledged America's strong support, and I will return to Central America on August 1 to meet with the foreign ministers of the four democracies. I want to work with them on reinvigorating the negotiating track, so that the Central American summit they plan in early August can achieve real gains for peace.

I also met with the Nicaraguan Resistance to review the status of their efforts to negotiate an end to the Nicaraguan conflict. The Resistance stressed that it sincerely wants to achieve a negotiated settlement, but has been weakened by deficiencies in the current U.S. assistance program to the point where it has little

leverage in the talks. The Resistance reaffirmed that its objective is not to undermine the negotiations, but to advance them, so as to secure democracy in Nicaragua. A further demonstration of bipartisan support by the Congress for Nicaragua's democratic resistance between now and my August 1 meeting with the foreign ministers of Central American democracies would give a welcomed boost to our diplomatic strategy.

The main purpose of my trip was to assure the four democracies of the strong bipartisan support in the U.S. for democracy, development, and peace in the region. The views I expressed are set forth more fully in the statements I made in the region, which are enclosed for your convenience. I know you will join me in reaffirming our nation's commitment to the friend of democracy in this crucial neighboring region.

Sincerely yours,

GEORGE P. SHUL

¹Press release 127 of July 1, 1988.

²Press release 129 of July 1 (question and answers not printed here).

³Press release 131 of July 6.

⁴Press release 132 of July 7.

⁵Press release 135 of July 7.

⁶Press release 136 of July 7 (question and answers not printed here). ■

Chile Renews State of Emergency

DEPARTMENT STATEMENT, JUNE 7, 1988¹

We are concerned and deeply disappointed with the Government of Chile's decision on May 31 to renew the state of emergency for another 90-day period. The establishment of a climate of respect for human and civil rights many months before the upcoming plebiscite is necessary for democratic decision-making to take place. As we noted in our December 17 statement of support for democracy in Chile, states of exception which limit freedoms of assembly, association, and expression are not compatible with a legitimate electoral procedure.

While we energetically condemn the recent murders of Chilean *carabineros*, we feel that these and other acts of violence by small groups of political

extremists do not justify the continuation of states of exception which deny Chileans their right to participate fully and openly in the democratic process. In this regard, we are especially concerned by the continuing restrictions placed by the Chilean Government or freedom of expression. Although there has been some increase in airing differing points of view on university television, there remains a lack of equitable access to the media, and arrests and imprisonment of journalists continue.

We urge that a fuller respect for basic guarantees and freedoms be provided to the Chilean people well in advance of the plebiscite and not be limited to a brief period just prior to the vote.

¹Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

Current Actions

LITILATERAL

itation

vention on the recognition and enforcement on foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1960. TIAS 6997.
Accession deposited: Peru, July 7, 1988.

mmodities—Common Fund

reement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹
Ratifications deposited: Maldives, July 11, 1988; Swaziland, June 29, 1988.

nsular Relations

Convention on consular relations. Done at Vienna Apr. 24, 1963. Entered into force Mar. 19, 1967; for the U.S. Dec. 24, 1968. TIAS 6820.
Accession deposited: Guinea, June 30, 1988; Saudi Arabia, June 29, 1988.

ense

Memorandum of understanding concerning cooperative project for a pilot NATO intensive munitions information center, with annexes. Signed at Brussels Apr. 26, 1982 and May 26, 1988. Entered into force May 26, 1988.
Ratifications deposited: France, Netherlands, Norway, U.K., U.S.

icial Procedure

Inter-American convention on letters rogatory. Done at Panama City Jan. 30, 1955. Entered into force Jan. 16, 1976; for the U.S. Aug. 27, 1988. [Senate] Treaty Doc. 98-27.

Optional protocol to the Inter-American Convention on Letters Rogatory, with annexes. Done at Montevideo May 8, 1979. Entered into force June 14, 1980; for the U.S. Aug. 27, 1988. [Senate] Treaty Doc. 98-27.

Ratification deposited: U.S., July 28, 1988.²

bor

Convention No. 144 relating to tripartite consultations to promote the implementation of international labor standards. Adopted by the International Labor Conference at Geneva June 21, 1976. Entered into force May 16, 1978.³ [Senate] Treaty Doc. No. 99-20.

Senate advice and consent to ratification: U.S., 1988.

Ratification deposited: U.S., June 15, 1988.

Convention No. 147 relating to minimum standards in merchant ships. Adopted by the International Labor Conference at Geneva Oct. 13, 1976. Entered into force Nov. 28, 1981.³ [Senate] Treaty Doc. No. 99-21.

Senate advice and consent to ratification: Feb. 1, 1988.
Ratification deposited: U.S., June 15, 1988.

Marine Pollution

International convention for the prevention of pollution of the sea by oil, with annexes. Done at London May 12, 1954. Entered into force July 26, 1958; for the U.S. Dec. 8, 1961. TIAS 4900.
Notification of denunciation: Germany, Fed. Rep. of, Mar. 30, 1988, effective Mar. 30, 1989.

International convention on civil liability for oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.⁴
Accession deposited: Seychelles, Apr. 12, 1988.

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.⁴
Accession deposited: Seychelles, Apr. 12, 1988.

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.

Territorial application: Extended by the U.K. to the Cayman Islands, effective June 23, 1988.

Maritime Matters

Convention on the International Maritime Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.
Acceptance deposited: Solomon Islands, June 27, 1988.

Convention on the high seas. Done at Geneva Apr. 29, 1958. Entered into force Sept. 20, 1962. TIAS 5200.
Accession deposited: Cyprus, May 23, 1988.

Convention on facilitation of international maritime traffic, with annex. Done at London Apr. 9, 1965. Entered into force Mar. 5, 1967; for the U.S. May 16, 1967. TIAS 6251.
Ratification deposited: Ecuador, May 17, 1988.

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.
Territorial application: Extended by the U.K. to the Cayman Islands, effective June 23, 1988.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London

Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.
Accessions deposited: Marshall Islands, Apr. 26, 1988; Seychelles, May 10, 1988.
Territorial application: Extended by the U.K. to the Cayman Islands, effective June 23, 1988.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.⁴
Accessions deposited: Bolivia, Apr. 11, 1988; Burma, May 4, 1988; Ecuador, May 17, 1988; Singapore, May 1, 1988.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.
Accession deposited: Ecuador, May 17, 1988.

Narcotic Drugs

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accession deposited: Uganda, Apr. 15, 1988.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541), concerning monitoring and evaluation of long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984. Entered into force Jan. 28, 1988.
Accession deposited: Greece, June 24, 1988.

Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987.¹ [Senate] Treaty Doc. 100-10.

Signatures: Argentina, June 29, 1988; Maldives, July 12, 1988.
Ratifications deposited: Canada, June 30, 1988; Sweden, June 29, 1988.

Postal

Constitution of the Universal Postal Union. Done at Vienna July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Ratification deposited: Rwanda, May 18, 1988.

Third additional protocol to the constitution of the Universal Postal Union of July 10, 1964, general regulations with annex, and the universal postal convention with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Ratifications deposited: Bahamas, Apr. 25, 1988;² Cyprus, June 28, 1988; Dominica, May 3, 1988; Poland, Feb. 9, 1988; Rwanda, May 18, 1988; Saudi Arabia, June 28, 1988.

Postal parcels agreement with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Ratifications deposited: Bahamas, Apr. 25, 1988;² Cyprus, June 28, 1988; Dominica, May 3, 1988; Poland, Apr. 12, 1988; Rwanda, May 18, 1988; Saudi Arabia, June 28, 1988.

Money orders and postal travelers' checks agreement, with detailed regulations with final protocol. Done at Hamburg, July 27, 1984. Entered into force June 6, 1986; for the U.S. June 6, 1986.

Ratifications deposited: Cyprus, June 28, 1988; Poland, Apr. 12, 1988; Rwanda, May 18, 1988.

Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York Dec. 21, 1965. Entered into force Jan. 4, 1969.⁴ 660 UNTS 195.

Accession deposited: Congo, July 11, 1988.

Renunciation of War

Treaty providing for the renunciation of war as an instrument of national policy (Kellogg-Briand pact). Signed at Paris Aug. 27, 1928. Entered into force July 24, 1929. 46 Stat. 2343, 94 LNTS 57.

Notification of succession deposited: Dominica, July 18, 1988.

Sugar

International sugar agreement, 1987, with annexes. Done at London Sept. 11, 1987. Entered into force provisionally Mar. 24, 1988.

Accessions deposited: Pakistan, June 22, 1988; Thailand, May 16, 1988.

Notifications of provisional application: Brazil, May 13, 1988; Uruguay, July 8, 1988.

Torture

Convention against torture and other cruel, inhuman, or degrading treatment or punishment. Adopted at New York Dec. 10, 1984. Entered into force June 26, 1987.⁴ [Senate] Treaty Doc. 100-20.

Ratifications deposited: Czechoslovakia, Peru, July 7, 1988.

Treaties

Vienna convention on the law of treaties. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.⁴ 1155 UNTS 331.

Ratification deposited: Mongolia, May 16, 1988.²

United Nations—Privileges and Immunities

Convention on the privileges and immunities of the United Nations. Adopted by the General Assembly of the United Nations Feb. 13, 1946. Entered into force Sept. 17, 1946; for the U.S. Apr. 29, 1970. TIAS 6900.

Accession deposited: Vietnam, Apr. 6, 1988.²

BILATERAL

The Bahamas

Agreement amending and extending the implementing arrangement of April 5, 1984, to the agreement concerning U.S. defense facilities in The Bahamas. Effected by exchange of notes at Nassau Aug. 20, 1987, Jan. 25, 1988, and Feb. 3 and 23, 1988. Entered into force Feb. 23, 1988; effective Jan. 26, 1988.

Bolivia

Agreement amending the agreement of Apr. 9, 1986, for sale of agricultural commodities. Effected by exchange of notes at La Paz Apr. 22, 1987. Entered into force Apr. 22, 1987.

Agreement amending the agreement of Apr. 9, 1986, as amended, for the sale of agricultural commodities. Effected by exchange of notes at La Paz June 8 and 10, 1988. Entered into force June 10, 1988.

Canada

Memorandum of understanding concerning the personnel exchange program between the U.S. Navy and Canadian forces, with appendix. Signed at Washington May 27 and June 9, 1988. Entered into force June 9, 1988.

Czechoslovakia

Agreement regarding inspections on the territory of the Czechoslovak Socialist Republic provided for by the U.S.-U.S.S.R. treaty of Dec. 8, 1987, on the elimination of their intermediate-range and shorter-range missiles. Effected by exchange of notes at Prague Dec. 18, 1987, and Jan. 4, 1988. Entered into force June 1, 1988.

Memorandum of understanding on cooperation in the basic sciences, with annexes. Signed at Prague June 27, 1988. Entered into force June 27, 1988.

Egypt

Fourth amendment to the grant agreement of Aug. 19, 1981 (TIAS 10242), for basic education. Signed at Cairo June 22, 1988. Entered into force June 22, 1988.

Fifth amendment to the grant agreement of Sept. 22, 1981 (TIAS 10278), for irrigation management systems. Signed at Cairo June 23, 1988. Entered into force June 23, 1988.

El Salvador

Grant agreement for the 1988 balance-of-payments support program. Signed at San Salvador June 30, 1988. Entered into force June 30, 1988.

France

Protocol to the convention of July 28, 1967, with respect to taxes on income and property, as amended (TIAS 6518, 7270, 9500), with exchange of notes. Signed at Paris June 16, 1988. Enters into force on day of receipt of last notification of completion of necessary constitutional procedures.

General Agreement on Tariffs and Trade—Interim Commission

Tax reimbursement agreement, with annex. Signed at Geneva June 27, 1988. Entered into force June 27, 1988.

German Democratic Republic

Agreement regarding inspections on the territory of the German Democratic Republic provided for by the U.S.-U.S.S.R. treaty of Dec. 8, 1987, on the elimination of their intermediate-range and shorter-range missiles. Effected by exchange of notes Berlin Dec. 23, 1987. Entered into force June 1, 1988.

Agreement amending and extending the agreement of Apr. 13, 1983 (TIAS 10687), concerning fisheries off the coasts of the United States. Effected by exchange of notes at Washington Jan. 14 and Apr. 1, 1988.

Entered into force: June 29, 1988.

Germany, Federal Republic of

Agreement on cooperation in research concerning the continental crust by scientific drilling, with annexes. Signed at Washington June 3, 1988. Entered into force June 3, 1988.

Guatemala

Grant agreement for economic support. Signed at Guatemala June 27, 1988. Entered into force June 27, 1988.

Hungary

Agreement amending agreement of Feb. 25, 1983 (TIAS 10666), as amended relating to trade in cotton, wool, and made fiber textiles and textile products. Effected by exchange of notes at Budapest May 25 and June 17, 1988. Entered into force June 17, 1988.

India

Agreement amending agreement of Feb. 1987, as amended, relating to trade in tiles and textile products. Effected by exchange of letters at New Delhi Apr. 21 May 30, 1988. Entered into force May 3, 1988.

Indonesia

Agreement for the sale of agricultural commodities. Signed at Jakarta June 3, 1988. Entered into force June 3, 1988.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with protocol and exchange of notes. Signed at Jakarta July 11, 1988. Enters into force 1 month after the date of exchange of instruments of ratification.

Israel

Mutual logistic support agreement, with annexes. Signed at Stuttgart-Vaihingen and Tel Aviv May 10 and 24, 1988. Entered into force May 24, 1988.

PRESS RELEASES

maica
 Agreement amending the agreement of
 v. 9, 1987, as amended, for sale of agri-
 cultural commodities. Effected by ex-
 change of notes at Kingston June 27 and
 1988. Entered into force June 28, 1988.

an
 Protocol amending the agreement of Jan.
 1987, concerning special measures re-
 lating to article XXIV of the agreement
 under article VI of the treaty of mutual
 cooperation and security regarding facili-
 ties and areas and the status of U.S.
 Armed Forces in Japan (TIAS 4510).
 Signed at Tokyo Mar. 2, 1988.
 Entered into force June 1, 1988.

Agreement implementing the agreement of
 v. 22, 1956 (TIAS 3585), to facilitate in-
 terchange of patent rights and technical in-
 formation for purposes of defense, with
 memorandum of understanding, pro-
 cures, related notes, and letters. Ef-
 fected by exchange of notes at Tokyo Apr.
 1988. Entered into force Apr. 12, 1988.

rea
 Memorandum of understanding on defense
 technological and industrial cooperation.
 Signed at Seoul June 8, 1988. Entered into
 force June 8, 1988.

wait
 Agreement on aviation security. Effected
 exchange of notes at Kuwait Nov. 22,
 7, and Jan. 11, 1988.
 Entered into force July 5, 1988.

lawi
 International express mail agreement, with
 related regulations. Signed at Lilongwe
 Washington Apr. 26 and June 21, 1988.
 Entered into force July 15, 1988.

xico
 Postal money order agreement. Signed at
 Mexico and Washington May 31 and June
 1988. Entered into force Aug. 1, 1988.

TO Maintenance and Supply Agency
 Agreement regarding consolidated pro-
 curement of munitions. Signed at Wash-
 ington and Capellen Apr. 5 and 12, 1988.
 Entered into force Apr. 12, 1988.

land
 Memorandum of understanding on coopera-
 tion in the basic sciences, with annexes.
 Signed at Warsaw, June 13, 1988. Entered
 into force June 13, 1988.

omania
 Agreement suspending mutual application
 most-favored-nation tariff treatment un-
 der the trade agreement of Apr. 2, 1975
 (IAS 8159). Signed at Bucharest June 22,
 1988. Entered into force June 22, 1988; ef-
 fective July 3, 1988.

Sierra Leone
 Agreement relating to and amending the
 agreement of June 10, 1987, for the sale of
 agricultural commodities. Signed at Free-
 town June 16, 1988. Entered into force
 June 16, 1988.

Sri Lanka
 Agreement amending the agreement of
 Dec. 3, 1987, as amended, for sales of agri-
 cultural commodities. Effected by ex-
 change of notes at Colombo June 10, 1988.
 Entered into force June 10, 1988.

Sweden
 Agreement regarding mutual assistance in
 customs matters. Signed at Washington
 July 8, 1987.
 Entered into force May 8, 1988.

Uganda
 Agreement for sales of agricultural com-
 modities. Signed at Kampala June 28, 1988.
 Entered into force June 28, 1988.

U.S.S.R.
 Agreement modifying the memorandum of
 understanding of June 20, 1963 (TIAS
 5362), regarding the establishment of a di-
 rect communications link. Effected by ex-
 change of notes at Washington June 24,
 1988. Entered into force June 24, 1988.

¹Not in force.
²With reservation(s).
³Enters into force for the U.S. July 28,
 1988.
⁴Not in force for U.S. ■

Department of State

Press releases may be obtained from the
 Office of Press Relations, Department of
 State, Washington, D.C. 20520.

No.	Date	Subject
127	7/1	Shultz: arrival remarks, Guatemala City, June 29.
*128	7/1	Shultz: remarks at signing of the Economic Stabilization and Recovery Program Agreement, Guatemala City, June 29.
129	7/1	Shultz: statement and question-and-answer session, Casa Presidencial, San Salvador, June 30.
*130	7/1	Shultz: remarks on the signing of the Economic Support Fund Balance-of-Payments Assistance Agreement, San Salvador, June 30.
131	7/6	Shultz: arrival remarks, Tegucigalpa, June 30.
132	7/7	Shultz: luncheon toast, Tegucigalpa, June 30.
*133	7/7	Shultz: news conference, Tegucigalpa, June 30.
*134	7/7	Shultz: remarks, Palmarola AFB, June 30.
135	7/7	Shultz: arrival remarks, San Jose, July 1.
136	7/7	Shultz: news conference, San Jose, July 1.
*137	7/7	Shultz, Madrigal: departure remarks, San Jose, July 1.
138	7/8	Shultz: opening statement for ASEAN postministerial conference, Bangkok, July 7.
*139	7/8	Program for the official working visit to Washington, D.C., of Kuwaiti Prime Minister Shaikh Saad, July 10-16.
140	7/12	Shultz: opening statement at the ASEAN postministerial conference six-plus-one session, Bangkok, July 8.
*141	7/12	Shultz: remarks at signing of the agreement on affected Thai villages, July 9.
*142	7/14	Shultz, ASEAN delegation: joint news conference, Bangkok, July 9.
*143	7/14	Shultz: news conference, Subang Airport, Kuala Lumpur, July 9.
*144	7/14	Shultz: arrival remarks, Jakarta, July 9.
*145	7/14	Shultz: dinner toast, Jakarta, July 10.
*146	7/18	Shultz, Alatas: remarks at tax treaty signing ceremony, Jakarta, July 11.
*147	7/20	Shultz: news conference, Jakarta, July 11.
148	7/15	Shultz: address before Association of Indonesian Economists, Jakarta, July 11.
148A	7/19	Shultz: question-and-answer session following address before Association of Indonesian Economists, Jakarta, July 11.
*149	7/18	Shultz: news briefing, Jakarta, July 11.
*150	7/18	Shultz: luncheon toast, Malacanang Palace, Manila, July 12.
*151	7/19	Whitehead: interview on "MacNeil-Lehrer News-hour," July 13.
*152	7/19	Whitehead: interview on CBS-TV's "Morning News."
153	7/21	Shultz: news conference, Manila, July 12.
154	7/27	Shultz: address, question-and-answer session before Korean Newspaper Editor's Association, Seoul, July 18.

- *155 7/21 First State Department voluntary contribution to Center for Telecommunications Development.
- *156 7/25 Shultz: departure statement, question-and-answer session, Seoul, July 18.
- *157 7/22 Program for the official working visit to Washington, D.C., of Premier Grosz of the Hungarian People's Republic, July 26-28.
- *158 7/25 Robert South Barrett IV sworn in as Ambassador to Djibouti, July 22 (biographic data).
- *159 7/25 Whitehead: interview on ABC-TV's "This Week With David Brinkley," July 24.
- 160 7/27 Shultz: address, question-and-answer session before East-West Center, the Pacific and Asian Affairs Council, and the Pacific Forum, Honolulu, July 21.
- *161 7/28 Shultz: departure remarks, Hong Kong, July 14.
- *162 7/29 Shultz: luncheon toast in honor of Polish Foreign Minister Olechowski, July 28.
- *163 7/29 Mary A. Ryan sworn in as Ambassador to Swaziland (biographic data).

*Not printed in the BULLETIN. ■

Department of State

Free single copies of the following Department of State publications are available from the Public Information Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Africa

Principles for a Peaceful Settlement in Southwestern Africa, July 20, 1988 (Selected Documents #31).
U.S. Policy in Sub-Saharan Africa: Key Issues (GIST, July 1988)

Arms Control

The INF Treaty: June 1, 1988, data update on the conduct of the joint verification experiment.

Europe

Negotiating With the Soviet Union: Then and Now, Ambassador Rowny, Seminar on Global Security and Arms Control, University of California, Santa Cruz, June 30, 1988 (Current Policy #1088).
Regional Issues and U.S.-Soviet Relations, Under Secretary Armacost, General Federation of Women's Clubs, Grand Rapids, June 22, 1988 (Current Policy #1089).
Perspectives on Change in the Soviet Union, Assistant Secretary Ridgway, Subcommittee on Europe and the Middle East, House Foreign Affairs Committee, June 29, 1988 (Current Policy #1090).

General

Openness: The Only Path to Progress, Deputy Secretary Whitehead, Conference on New Approaches to East-West Security of the Institute for East-West Security Studies, Potsdam, G.D.R., June 10, 1988 (Current Policy #1083).

Middle East

Middle East Peace: Facing Realities and Challenges, Assistant Secretary Murphy, Council on Foreign Relations, New York City, June 14, 1988 (Current Policy #1082).

Iran Air 655: Steps to Avert Future Tragedies, Assistant Secretary Williamson, ICAO Council, Montreal, July 13, 1988 (Current Policy #1092).

The Persian Gulf Conflict and Iran Air 655, Vice President Bush, UN Security Council, July 14, 1988 (Current Policy #1093).

South Asia

Status Report on Afghanistan, Under Secretary Armacost and Assistant Secretary Williamson, Senate Foreign Relations Committee, June 23, 1988 (Current Policy #1087).

United Nations

The United Nations and Disarmament, Assistant Secretary Williamson, working group II of the third UN Special Session on Disarmament, June 7, 1988 (Current Policy #1077).

Advancing U.S. Objectives in the United Nations, Assistant Secretary Williamson, Council of Washington Representatives on the United Nations, June 1988 (Current Policy #1086).

Western Hemisphere

Cuba: "Our Last Adversary," Coordinating for Cuban Affairs Skoug, Florida Economics Club, Tallahassee, May 13, 1988 (Current Policy #1085).

U.S. Policy in Central America, July 1988 (Selected Documents #29). ■

Background Notes

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